Alcohol and Gaming Commission of Ontario

2011 2012 ANNUAL REPORT

AGCO

Alcohol and Gaming Commission of Ontario

Ontario

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Alcohol and Gaming Commission of Ontario
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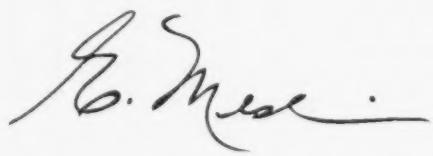
Ontario

ALCOHOL AND GAMING COMMISSION OF ONTARIO
2011/2012 ANNUAL REPORT

Memorandum to: The Honourable John Gerretsen
Attorney General
Ministry of the Attorney General

From: Eleanor Meslin
Interim Chair
Alcohol and Gaming Commission of Ontario

I am pleased to present the Alcohol and Gaming Commission of Ontario's Annual Report covering the period April 1, 2011 to March 31, 2012.



Eleanor Meslin,
Interim Chair

AGCO

[VISION]

A leader in the alcohol and gaming sectors through effective regulation and services that are fair, responsive and in the broader public interest.

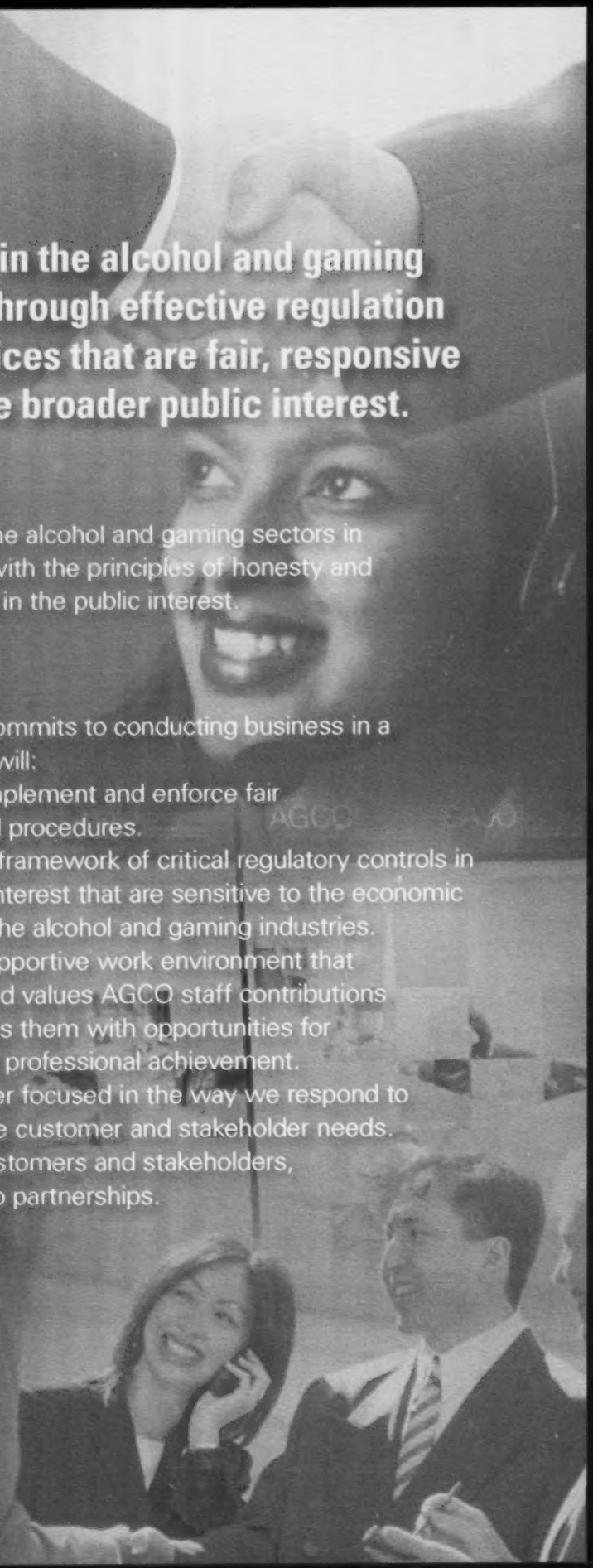
[MANDATE]

To regulate the alcohol and gaming sectors in accordance with the principles of honesty and integrity, and in the public interest.

[MISSION]

The AGCO commits to conducting business in a manner that will:

- Develop, implement and enforce fair policies and procedures.
- Establish a framework of critical regulatory controls in the public interest that are sensitive to the economic viability of the alcohol and gaming industries.
- Create a supportive work environment that respects and values AGCO staff contributions and provides them with opportunities for growth and professional achievement.
- Be customer focused in the way we respond to and manage customer and stakeholder needs.
- Educate customers and stakeholders, and develop partnerships.



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INTERIM CHAIR'S MESSAGE

A year of continuing transition is a good way to describe the AGCO's experience in 2011/12.

From the Board's perspective, the most significant change occurred on July 1, 2011 when the Board's adjudicative responsibility over liquor and gaming matters was transferred to the Licence Appeal Tribunal (LAT), an agency of the government of Ontario that adjudicates licensing activities regulated by various Ministries. This change was effected to enable the Board to focus on the agency's transformation and the modernization of the regulatory frameworks for the alcohol and gaming sectors.

Five members of the AGCO Board moved to LAT to continue their adjudicative roles, and I want to thank them for their years of dedicated service to our agency. Together, the five remaining Board members and I are now working in a more integrated fashion with the management team and staff of the AGCO, concentrating on internal corporate governance and policy oversight.

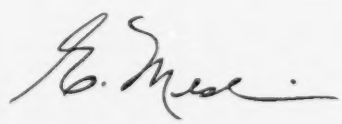
The new Board has been active in the planning process with an oversight role in the development of the AGCO business plan. Our focus is to help the leadership team move its business agenda forward, to meet both broader government objectives and the agency's mandate to better serve the public interest.

Some key areas of focus for the Board have been:

- overseeing of the AGCO's transition to adopt a compliance focused regulatory strategy which assists licensees and registrants in complying with the regulatory framework;
- overseeing the AGCO's transformation to a risk-based and standards-based regulatory model so resources can be focused on higher risk establishments and operators can have more flexibility in making business decisions; and
- working with the AGCO's internal transformation team on reviewing the AGCO's corporate structure to ensure it supports the AGCO's goals.

On a personal note, I am pleased to bring to this effort my recent experience as a member of the Agency Review Advisory Panel. The Advisory Panel was mandated to provide advice on several critical initiatives laid out in the Report of the Special Advisor on Agencies, also known as the Burak Report, which made several recommendations to enhance accountability and governance for Ontario agencies.

The Board looks forward to the many challenges that 2012/13 will bring as the AGCO continues to strive for excellence in fulfilling its mandate to regulate the alcohol and gaming sectors in accordance with the principles of honesty, integrity, and in the public interest.



Eleanor Meslin,
Interim Chair

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CHIEF EXECUTIVE OFFICER'S MESSAGE

"Nothing endures but change". The past year has shown how true this phrase is both at the AGCO and in the key industries that we regulate.

As the Greek philosopher Heraclitus stated, "Nothing endures but change". The past year has shown how true this phrase is both at the AGCO and in the key industries that we regulate. As part of the government's long-term plan to modernize both the gaming and liquor sectors, significant changes continue to be implemented to counterbalance challenges faced by these sectors, including competition for the entertainment dollar, an uneven economy and shifts in public attitudes towards liquor and gaming.

To respond both to these external pressures and to a government agenda for reform and a more risk-based approach to regulation, the AGCO continued to focus on a number of major changes to transform itself into a more modern, efficient regulator. This past year, our efforts centred on four key areas:

- We are transforming the AGCO into an agency that is more flexible and adaptable to changes in the sectors we regulate. To this end, we have begun to review every aspect of how the agency functions, from its approach, structure and infrastructure to streamlining our operations and systems. While this is a multi-year project, we made excellent progress in the past year, establishing a transformation team and getting a number of major change projects underway.

- New gaming products continue to be added to our responsibilities and this year was no exception. The government has announced the introduction of internet gaming to Ontario, scheduled to begin in late 2012, and we are preparing to regulate this new industry. We also continued to work with OLG and the charitable gaming industry as they work together to expand electronic bingo in Ontario.

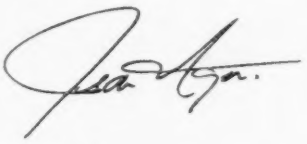
- Gaming Regulatory Reform is another key modernization initiative. Work continued on simplifying and streamlining our regulatory approach, with the goal to have a single regulatory framework for all forms of gaming in the province. This will reduce red tape and create greater convenience for our registrants and for the public who participate in gaming. We also launched a risk-based registration program for the gaming sector.

- The third phase of Special Occasion Permit Reform is underway with changes that will simplify the permit system for the many tens of thousands of individuals and organizations across Ontario who access this program each year. An AGCO team has been working on new operational policies for the changes that are anticipated to come into effect in Summer 2012.

None of our successes would be possible without the dedication and support of our employees, who continue to strive for excellence. One such example

is the ISO accreditation of the AGCO's Electronic Gaming Laboratory, making Ontario the first known gaming jurisdiction with an ISO accredited gaming test lab. This achievement demonstrates the strength of our staff and their capacity to ensure electronic gaming equipment and gaming management systems operate according to the strict standards we put in place to ensure gaming is fair for the millions of patrons who attend casinos and slot machine facilities each year.

So while the AGCO has seen many changes over the past year, what hasn't changed is our collective resolve to fulfill our mandate by strengthening public safety, enhancing customer service delivery and ensuring the public interest is protected.



Jean Major,
Chief Executive Officer

OVERVIEW & KEY ACTIVITIES

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OVERVIEW

The Alcohol and Gaming Commission of Ontario (AGCO) is an arm's-length regulatory agency of the provincial government which was established February 23, 1998 under the *Alcohol and Gaming Regulation and Public Protection Act, 1996* (AGRPPA). As of August 2010, the AGCO reports to the Ministry of the Attorney General.

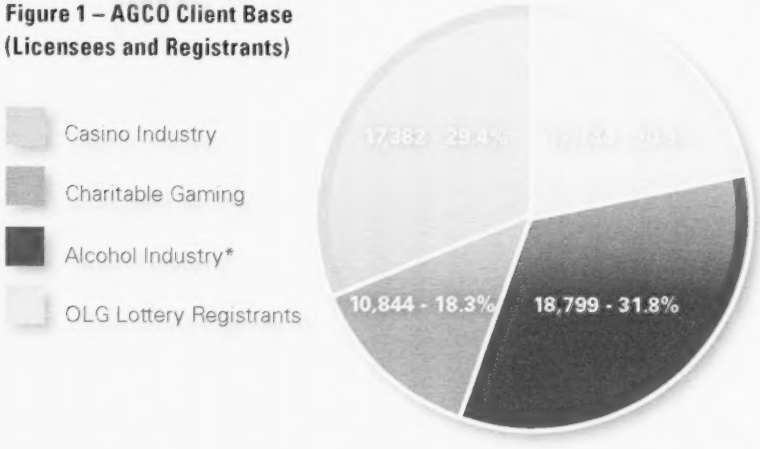
The AGCO is responsible for administering and enforcing the rules set by the Ontario government in order to regulate the following activities:

- The sale and service of beverage alcohol;
- Lotteries operated by the Ontario Lottery and Gaming Corporation (OLG) on behalf of the government of Ontario;
- Commercial gaming including casinos, slot machine facilities and internet gaming; and
- Lottery schemes conducted by charitable, not-for-profit and religious organizations.

The AGCO's objectives in regulating gaming activities in the province are to:

- Ensure that gaming is operated with honesty and integrity;
- Facilitate a competitive environment for Ontario's gaming facilities while not reducing or lowering standards of operation and regulation;
- Ensure that all games are fair and appear to be fair;
- Maintain public confidence in the integrity of the games;
- Establish a safe and secure environment at all gaming facilities; and
- Protect the assets of the Crown.

Figure 1 – AGCO Client Base (Licensees and Registrants)



* Does not include the +/- 60,000 Special Occasion Permits issued by LCBO on behalf of the AGCO

The AGCO's main objectives in regulating the sale and service of beverage alcohol are to:

- Ensure that alcohol is sold and served responsibly;
- Ensure that residents are provided an opportunity to have their interests considered during the licensing process;
- Permit Ontarians and their visitors opportunities to responsibly enjoy beverage alcohol within an economically viable hospitality and tourism sector;
- Promote fairness and equity and a level playing field for the industry through consistent enforcement of the regulations; and
- Focus enforcement/compliance activities on promoting compliance with the law and maintaining public safety.

The principles which guide the AGCO's activities are prescribed in the AGCO's governing legislation and require the AGCO to exercise its powers and duties in the public interest and in accordance with the principles of honesty and integrity, and social responsibility. These principles serve as a reference point in determining how the agency goes about fulfilling its regulatory mandate. Paramount is that public confidence is maintained in the operation of these industries. The AGCO also promotes transparency in all of its activities.

KEY ACTIVITIES

The AGCO is responsible for the administration of the following:

- *Liquor Licence Act* (LLA);
- *Wine Content and Labelling Act, 2000*;
- *Liquor Control Act* [Section 3(1)b, e, f, g and 3(2)a];
- *Gaming Control Act, 1992* (GCA);
- Lottery Licensing Order-in-Council, 1413/08 (as amended); and
- *Alcohol and Gaming Regulation and Public Protection Act, 1996.*

Regulating the Alcohol and Gaming Sectors

The administration of these Acts and the Order-in-Council involves the following core activities:

- Licensing and regulating establishments that sell or serve liquor, liquor delivery services, liquor manufacturers and their agents, agents of foreign manufacturers, and ferment-on-premise facilities in Ontario.
- Administering the Special Occasion Permit (SOP) program which is delivered through designated Liquor Control Board of Ontario (LCBO) retail stores.
- Authorizing manufacturers' retail stores, which includes on-site and off-site winery retail stores, on-site distillery retail stores, brewery retail stores and Brewers Retail Inc. stores (The Beer Store).
- Registering commercial suppliers and gaming employees of charitable gaming events, casinos and slot machine facilities.

- Registering suppliers and retailers of OLG lottery products.
- Administering, in partnership with municipalities, the regulatory framework governing the issuance of charity lottery licences (e.g. bingo, raffle and break open ticket events).
- Licensing games of chance at fairs and exhibitions.
- Approving rules of play or changes to rules of play for games conducted and managed by OLG.
- Excluding persons from accessing gaming premises in the province of Ontario pursuant to the GCA and its regulations.

Investigating, Inspecting and Monitoring

- Inspecting and monitoring licensed establishments to ensure compliance with the LLA and its regulations.
- Inspecting/monitoring casinos, slot facilities, charitable gaming events/facilities and retail locations where OLG lottery products are sold for compliance with the GCA, its regulations, and licensing and registration requirements.
- Conducting background investigations on individuals and companies seeking registration and licensing under the GCA and LLA.
- Providing police presence at casinos and at slot machine facilities.
- Conducting audits of companies registered and licensed under the GCA and LLA.
- Approving/monitoring internal control, surveillance and security systems, and other operational systems for casinos and slot machine facilities for compliance with regulatory requirements.
- Testing, approving and monitoring gaming equipment such as slot machines and gaming management systems, including those related to OLG lottery products.
- Investigation of insider wins involving lottery retailers/managers or lottery equipment suppliers.
- Investigation of suspicious wins which are carried out by the Ontario Provincial Police (OPP) Bureau assigned to the AGCO.

Adjudication[1]

- Conducting hearings on proposed actions by the Registrar of Alcohol and Gaming (Registrar) under the LLA and GCA.
- Conducting hearings on the Registrar's refusal to licence or register under the LLA and GCA.
- Conducting compliance order hearings and hearings on the wine authority's refusal to grant an approval or suspend, revoke or refuse to renew an approval to use the terms, descriptions and designations established by the wine authority under the *Vintners Quality Alliance Act, 1999*.

[1] To July 1, 2011, upon which date the adjudicative function for alcohol and gaming-related matters, except for the arbitration of lottery ticket prizes, was transferred to the Licence Appeal Tribunal. Please see "AGCO Board Activities" for further information.

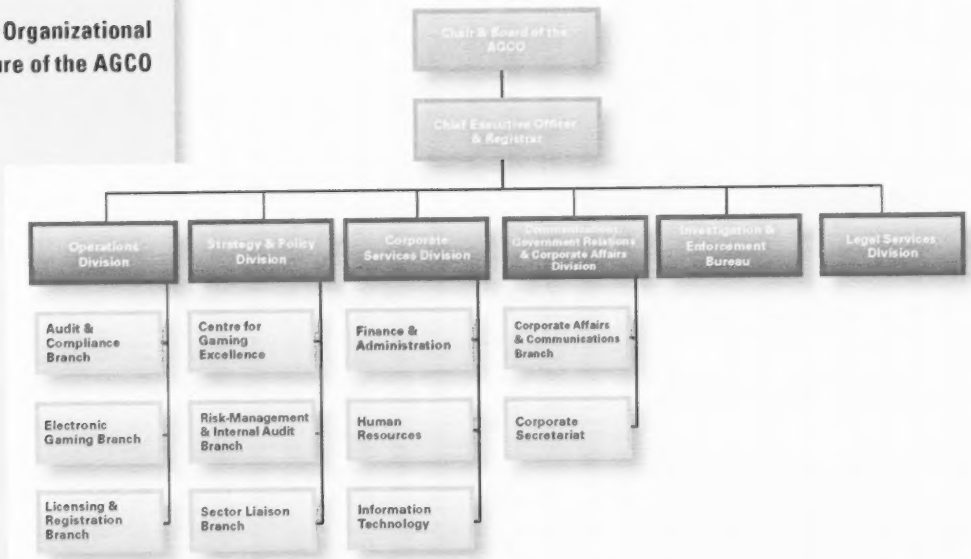
- Conducting public interest hearings to determine eligibility for liquor sales licensed premises or additions to liquor sales licensed premises where the public files objections in response to a public notice advising of the request for a licence or an amendment thereof.
- Conducting appeals of Orders of Monetary Penalty imposed by the Registrar.
- Arbitrating disputes between two or more claimants for a lottery ticket prize.[2]

[2] The Board of the AGCO continues to have authority to arbitrate disputes regarding lottery products.

ORGANIZATIONAL STRUCTURE

The AGCO's organizational structure is based on functional responsibilities. In July 2011, the organizational structure of the AGCO was streamlined by realigning the core functions of the agency into six different divisions. This new structure and reporting relationship to the CEO was undertaken to maximize internal resources, enhance service delivery and ensure that government priorities and AGCO business plan initiatives are launched more quickly and efficiently (see *Functional Integration of Business Delivery*, page 20).

Figure 2 – Organizational Structure of the AGCO



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BOARD OF DIRECTORS

Eleanor Meslin
Interim Chair

Kirsti Hunt
Vice-Chair

Beryl Ford
Member

Brian Ford
Member

S. Grace Kerr
Member

Bruce Miller
Member

The *Alcohol and Gaming Regulation and Public Protection Act, 1996* (AGRPPA) constitutes the AGCO as a corporation without share capital and requires that the AGCO shall have a Board of Directors of at least five (5) members. Board members are appointed by the Lieutenant Governor in Council, through Order-in-Council.

The list below reflects the members of the Board as at March 31, 2012, including their original appointment dates.

Eleanor Meslin, Part-time Interim Chair
Appointed Interim Chair: February 2011
First Appointed: November 2000 Term Expires: February 2013

Kirsti Hunt, Part-time Vice-Chair
First Appointed: April 1997 Term Expires: April 2012

Beryl Ford, Part-time Member
First Appointed: September 2004 Term Expires: September 2012

Brian Ford, Part-time Member
First Appointed: September 2004 Term Expires: September 2012

S. Grace Kerr, Part-time Member
First Appointed: July 2007 Term Expires: July 2012

Bruce Miller, Part-time Member
First Appointed: December 2008 Term Expires: December 2012

The following Board members served from April 1, 2011 until July 1, 2011, at which time they became members of the Licence Appeal Tribunal. ▸

Alex McCauley, Part-time Member
First Appointed: October 2005

Allan Higdon, Full-time Member
First Appointed: April 2005

Patricia McQuaid, Full-time Vice-Chair
First Appointed: April 2003

Jacqueline Castel, Part-time Member
First Appointed: April 2008

Joan Lougheed, Part-time Member
First Appointed: April 2008

AGCO BOARD ACTIVITIES

Governance

The Board is responsible for the overall governance of the Commission and meets as a Board of Directors on a monthly basis. In exercising its governance functions, the Board sets goals and develops policy and strategic directions for the Commission to fulfill its mandate. This involves working with the Chief Executive Officer and Senior Management on Regulatory Governance and Corporate Governance activities.

The AGCO exercises its powers and duties in the public interest and in accordance with the principles of honesty, integrity and social responsibility.

The AGCO operates at arm's-length from the Ministry of the Attorney General. Through a Memorandum of Understanding (MOU), the accountability relationships between the Chair, CEO, Minister and Deputy Minister are formalized. The MOU also requires the AGCO to operate within specified Management Board Directives which govern agencies, including the Agency Establishment and Accountability Directive.

Transfer of the Adjudicative Function to the Licence Appeal Tribunal

On March 7, 2011, the Ontario Legislature passed the *Good Government Act, 2011*. One of the provisions in the legislation transferred responsibility for the adjudication of liquor and gaming matters under the LLA and the GCA from the Board of the AGCO to the Licence Appeal Tribunal (LAT) effective July 1, 2011.

This change was made to increase efficiencies, focus the AGCO on its primary role of regulating the alcohol and gaming sectors, and allow the Board of the AGCO to concentrate on internal corporate governance and policy oversight.

Effective July 1, 2011, hearings on Notices of Proposal, Notices of Proposed Order and appeals of Orders of Monetary Penalty were no longer held before the Board of the AGCO. An exception to this is the continuation of hearings/appeals that were already before the Board of the AGCO prior to July 1, 2011. These will be completed by the Board of the AGCO, including any AGCO Board decisions that are appealed.

Adjudication

Until July 1, 2011, AGRPPA gave the Members of the AGCO Board responsibility for hearing and deciding matters under the LLA, GCA, *Wine Content and Labelling Act* and the *Vintners Quality Alliance Act*.

In carrying out its adjudicative responsibilities, the Board was supported by a Manager of Hearings and staff of the Hearings Section which coordinated the hearings/appeals process. The section

processed requests for hearings/appeals, issued hearing/appeal notices and summonses, coordinated the assignment of Board panels, arranged hearing/appeal locations and distributed written Board decisions. These functions now reside with LAT.

Table 1 – Alcohol-Related Hearings

For Fiscal Years	2011/12[1]	2010/11
Hearing type based on Notice of Proposal/Order of Monetary Penalty issued by the Registrar		
Revoke Licence	10	11
Refuse to Transfer/Renew Licence	3	8
Review Licence Application	11	26
Suspend Licence	13	73
Attach Condition	0	2
Refuse to Remove Condition	0	3
Order of Monetary Penalty	6	13
Total Alcohol-Related Hearings	**42**	**136**
Total Number of Hearing Days[2]	**57**	**196**

[1] Hearings requested to June 30, 2011, or matters with which the Board was seized prior to the transfer of the adjudicative function to the Licence Appeal Tribunal on July 1, 2011.

[2] Includes all hearings for which a decision was issued between April 1st, 2010 and March 31st, 2011.

Table 2 – Pre-Hearing Conferences

For Fiscal Years	2011/12[1]	2010/11
Number of Pre-Hearing Conferences	28	122

Table 3 – Alcohol-Related Settlements Without a Hearing[3]

For Fiscal Years	2011/12[1]	2010/11
Number of Settlements Agreed to Without a Hearing	263	167

[3] These settlements are negotiated by the AGCO's Legal Services Branch, based on instructions from the Registrar.

Table 4 – Alcohol-Related Public Meeting Conference Calls[4]

For Fiscal Years	2011/12[1]	2010/11
Number of Public Meeting Conference Calls	27	31

[4] This is an alternative dispute resolution process.

Table 5 – Gaming-Related Hearings

For Fiscal Years	2011/12[1]	2010/11
Number of Hearings	5	13

Table 6 – Gaming-Related Settlements Without a Hearing[5]

For Fiscal Years	2011/12[1]	2010/11
Number of Settlements agreed to without a hearing (Notices of Proposed Order and Orders of Monetary Penalty)	10	11

[5] These settlements are negotiated by the AGCO's Legal Services Branch, based on instructions from the Registrar.

2011/12 OPERATIONAL OVERVIEW

STRATEGIC DIRECTION

For the past several years, the AGCO has adopted an approach to regulation which is risk-based and compliance-focused with the long-term objective of positioning the agency to be flexible, transparent and adaptable to a changing environment.

Our strategy to date has been to establish an operating approach that supports the advancement of five key priorities:

- Build More Effective Communications
- Strengthen Our Business Processes and Information Technology Management Capabilities
- Modernize the Alcohol and Gaming Regulatory Environment
- Maximize Our Employee Potential
- Enhance AGCO's Corporate Accountability

Several key initiatives and projects have been implemented since 2006 under this strategic framework, aimed at maintaining the long-term sustainability of the organization and supporting the ongoing transition of the AGCO to a more risk-based and compliance-focused operating framework. Considerable progress has been made on a number of fronts and across all branches of the agency. Programs such as risk-based licensing and enforcement in the alcohol sector and risk-based registration in the gaming sector have begun to fundamentally transform how the AGCO does business.

Because these initiatives were by design limited in scope and discrete in nature, in 2011/12 the AGCO began the next stage of its ongoing modernization initiative to capitalize on these past successes and begin to work towards a strategy of convergence, one that brings together the various change initiatives either implemented or underway to achieve a new level of integration and alignment of objectives and priorities. An integrated approach is necessary in order to lay the basis for a more efficient, effective and flexible organization in the future, supported by the following corporate-wide foundational blocks once in place:

- A fully implemented risk-based, standards-based and compliance-focused approach to regulation and regulatory assurance across all business lines.
- An integrated business delivery model, with program delivery restructured on a functional basis across all business lines, supported by robust IT infrastructure and electronic web-based service delivery.
- A financially stable organization that has flexibility to respond to changing market conditions and changes in government policy.

- A regulatory model that leverages partnerships with other levels of government and counterparts across the country to work smarter and more cost effectively.
- Management based on performance and evidence based metrics, with a greater focus on data analytics and other similar tools.
- Regulatory effectiveness that can be objectively and transparently demonstrated through annual benchmarking of key services and national and international accreditation in key business areas and functions.
- Cost efficient regulation that is able to minimize, to the extent possible, given our commitment to high quality regulation, the ongoing financial burden of gaming and liquor regulation.

With this overall vision in mind, the following three strategic priorities guided the AGCO's operational activities over the last fiscal year:

1. Continue the Transition to Risk-Based and Compliance-Focused Regulation

In keeping with its overall objective of transitioning from a primarily enforcement-based to a more compliance-focused regulator, the AGCO continued to refine and expand its compliance approach to enhance prevention, communication, cooperation, education and consultation, balanced by appropriate enforcement. The overall compliance program is intended to provide the AGCO with the right mix of tools to work with licensees and registrants to secure regulatory compliance in the future rather than solely focusing on strict enforcement of the rules. On a parallel and complementary track, the AGCO has also committed to developing and applying risk-based regulatory approaches within each of its lines of business to increase regulatory effectiveness and better target resources. This multi-faceted strategy informs the day-to-day activities of the AGCO and has involved the successful implementation of a number of major reforms and new programs, including:

- Risk-Based Licensing, where liquor sales licences are processed and issued based on an assessment of identifiable risks;
- Risk-Based Registration, where gaming-related registrations are processed and issued based on an assessment of identifiable risks (implemented in September 2011 — see *Risk-Based Registration* on page 19);
- Monetary Penalties, which is an additional regulatory tool to encourage compliance before a serious suspension or revocation may need to be imposed; and
- Public Affairs program, which focuses on licensee and registrant education and training to promote a greater understanding of regulatory requirements and create an environment more conducive to regulatory compliance.

Gaming Regulatory Reform

As part of the government's overall gaming modernization initiative, the AGCO was tasked by the government with establishing a comprehensive framework to regulate gaming in a manner that is more responsive to market conditions and less prescriptive in nature than traditional gaming regulatory models, while maintaining the highly effective oversight of the industry that the Ontario public has come to expect. Amendments to the GCA were included in the *Better Tomorrow for Ontario Act* (Budget Measures) *2011* to accommodate a risk-based approach to gaming, giving the Registrar the authority to set standards for gaming as well as for social responsibility. The AGCO has been working since then with the Ministries of the Attorney General and Finance and OLG on the development of the new framework.

Standards-Based Approach for the Gaming Sector

In 2011/12, the AGCO took the next step in its regulatory transformation by working towards the implementation of the standards-based approach within the gaming sector. Generally, the idea is to move away from overly prescriptive and complex rules to providing straightforward regulatory direction within which operators can effectively meet policy direction while being able to take advantage of market opportunities. In its simplest form, the AGCO will state the "what" (control objectives) and the business will figure out the "how" (control activities). This regulatory shift is intended to create more operational flexibility and operator accountability, while allowing the AGCO to better focus its efforts and resources on core concerns and fundamental regulatory objectives and better address the constant flow of change within the gaming industry.

Standards-based regulation within the gaming sector is expected to yield significant benefits, including:

- Better regulatory outcomes given that the AGCO and operators will be in a position to more effectively target resources to key areas of higher identified risk such as game integrity.
- Cost savings and reduced administrative burden for operators — particularly those with a strong track record of compliance — as well as for the AGCO.
- Greater flexibility for operators to respond to changing market, environmental and technological conditions to meet both operational and regulatory goals.

The approach to standards-based regulation adopted by the AGCO includes four implementation stages, namely (1) developing a regulatory risk inventory, (2) developing regulatory standards and control objectives, (3) establishing an operator control environment through control activities, and (4) evaluating the overall efficiency of the entire system. Recommendations made by the Auditor General were consistent with the risk inventory that had been identified in the assessment and are reflected in the final standards and requirements that are established.

The standards-based approach continues to be developed in close collaboration with the industry and other interested stakeholders across all gaming segments to ensure it effectively addresses the unique features of each segment.

An initial 6 month pilot project applying the standards-based approach to casino marketing and promotions was launched on February 1, 2011, while a second pilot in the twin areas of security and surveillance is planned for Summer 2012 (see *Standards-Based Regulation of Commercial Gaming* on page 49).

Risk-Based Registration

As the next step in implementing a risk-based system for processing gaming applications, the AGCO launched risk-based registration (RBR) on September 12, 2011. RBR reflects a general evolution in best practice thinking about effective regulation and supports a broader transition underway in the gaming sector toward a less prescriptive and more standards-based regulatory approach. RBR now applies to all gaming registration categories, except for two — lottery retailers and break open ticket sellers. Due to the large volume of registrants in these categories, implementation of RBR for lottery retailers and break open ticket sellers will follow in 2012/13.

RBR has two main goals:

1. To improve overall service delivery to AGCO clients by streamlining the application process and allowing the registration of lower risk applicants to be processed more quickly; and
2. To target AGCO resources on those applicants who represent a higher level of risk to the integrity of the gaming industry and the broader public interest.

Under RBR, all applications are evaluated using a two-stage process to determine an applicant's suitability for registration. The first stage is the initial risk assessment and is meant to establish basic eligibility for registration and to determine whether a more in-depth investigation is necessary.

The initial risk assessment involves the review of an applicant's completed application materials as well as information obtained based on a standard background check. This information is evaluated based on five criteria which are considered key indicators of an individual's or business's appropriateness to be registered. An applicant's risk may be considered low because of the nature of his/her job or the type of goods and/or services provided (i.e. not directly related to gaming activities), as well as a long-standing record of compliance with the law. Those applicants identified as lower risk may be approved for registration without the need for additional information or personal interviews by AGCO investigators.

2. Functional Integration of Business Delivery

In July 2011, the organizational structure of the AGCO was streamlined by realigning the core functions of the agency into six different divisions. This new structure and reporting relationship to the CEO was undertaken to maximize internal resources, enhance service delivery and ensure that government priorities and AGCO business plan initiatives are launched more quickly and efficiently. The new structure also meets the government's direction to reduce the size of executive offices of agencies by 10% (see *Figure 2 – Organizational Structure of the AGCO* on page 11). The six divisions are as follows:

- Operations Division reporting to the Chief Operating Officer and comprising the Licensing and Registration Branch, the Electronic Gaming Branch, and the Audit and Gaming Compliance Branch;
- Strategy and Policy Division reporting to the Chief Strategy Officer and comprising the Project Management Office/Risk Management Office, the Change Management Office, the Policy Unit, the Centre of Gaming Excellence and the Sector Liaison Branch;
- Corporate Services Division reporting to the Chief Administrative Officer and comprising the Information Technology, Human Resources, and Finance and Administration departments;
- Communications, Government Relations and Corporate Affairs Division reporting to the Division Director with a new function as Corporate Secretary, and focusing on government relations, media relations and the Board Support function created as a result of the transition of the adjudicative function to LAT;
- Legal Services Division reporting to General Counsel and Director of Legal Services, and comprising both Litigation Services and Legal Services; and
- Investigation and Enforcement Bureau reporting to the OPP Chief Superintendent.

In order to continue to optimize efficiencies, the AGCO also began work to determine how best to integrate and restructure program

delivery on a functional basis that cuts across business lines. As one of the starting points, an end-to-end review is underway of key operational processes as an integrated whole for both the gaming and liquor sectors, from applications through to enforcement, in order to identify process and cost efficiencies. The ultimate goal is a system of program delivery and operational processes that are streamlined, effective and efficient for both the AGCO and regulated entities.

3. Build the Foundation to be Recognized as a Top Public Sector Employer

The third strategic priority is built upon the AGCO's multi-year Human Resources strategy already in place to invest in staff in ways that build both experience and skill levels, and to develop a positive work environment that recognizes the importance of employee wellness and a healthy work/life balance. Ultimately, the goal is to establish the AGCO as a top employer both in the eyes of our own staff and benchmarked against top public sector employers. Priority continues to be placed on ensuring the organization has the right skills in place, at the right time and in the right positions.

GOVERNMENT INITIATIVES AND PRIORITIES

The AGCO's overall strategic direction is to adapt to the government's public policy priorities and fiscal objectives. The AGCO continued to review its priorities for consistency with government direction and resource availability to provide cost-effective services that are relevant to, and in keeping with, the evolving fiscal and public policy environment. Examples of government initiatives which have had an impact on AGCO internal operations both from a strategic, structural and financial perspective are described below.

Public Sector Delivery Review

On February 14, 2012, the Commission on the Reform of the Public Service, chaired by Don Drummond, former Associate Deputy Minister and chief economist to TD Bank, released its report recommending long term, fundamental changes to the way government delivers services. As part of this initiative, the Commission was tasked to look at programs that are no longer serving their intended purpose and could be eliminated or redesigned; areas of overlap and duplication that could be eliminated to save taxpayer dollars; and areas of value in the public sector that could provide a greater return on the investment made by taxpayers. This report follows an earlier announcement by government to reduce the number of agencies in the province by 5%, and informed the development of the 2012/13 Budget which was presented on March 27, 2012.

Open for Business

This on-going government-wide initiative is designed to minimize the burden of regulation on Ontario businesses, foster competitiveness and welcome new business to Ontario.

Internally, the AGCO continued to work on a number of projects which support the overall goals of the program by reducing administrative burdens and using a regulatory approach intended to support business. The gaming modernization initiative and the shift towards a standards-based framework in the gaming sector, for example, is intended to allow operators and businesses more flexibility to adapt to marketplace changes and ultimately to increase their competitiveness.

The achievement of these goals is also enhanced through the AGCO's continued efforts to build strategic partnerships and share information with government ministries and agencies including the Ministries of Finance and Revenue, OLG and the LCBO.

Modernization of the Regulatory Frameworks

In the liquor sector, broad-based reforms of the past decade are all intended to support a vibrant and dynamic business environment in the province. In particular, the reforms introduced over the past year provide liquor sales licensees more flexibility and options in serving their patrons, streamline the process for obtaining a Special Occasion Permit (SOP) and continue the AGCO's move towards a regulatory framework focusing on public education and proactive compliance with the law (see *Liquor Licence Act Reform* on page 38).

The AGCO is also supporting the government's efforts as it undertakes to streamline regulations under the GCA specifically through legislative amendments that set the stage for a comprehensive standards-based and risk-based regulatory model to accommodate regulation of new types of gaming activities (see *Continue the Transition to Risk-based and Compliance-Focused Regulation* on page 17).

The AGCO continues to work with government to support any further rounds of review of the LLA, GCA and their regulations to achieve the overall objectives of this effort.

Social Responsibility

The AGCO continues to develop and refine its role in the promotion of social responsibility in the alcohol and gaming sectors. As a regulator, the AGCO exercises its powers and duties in the public interest, and in accordance with the principles of honesty, integrity and social responsibility. To this end, there are a number of provisions in the Acts and regulations we administer that are specifically directed at promoting social responsibility. In the gaming context, for example, there are social responsibility measures currently in place, such as:

- Ensuring that persons under the age of nineteen (19) cannot access gaming premises;
- Procedures on access to credit to protect individuals from gambling above their financial means; and

- Regulations to ensure that advertising is not directed at encouraging minors to gamble and does not imply that casino gaming will promote lifestyle improvements.

Although the responsibility for the development of a provincial responsible gambling strategy rests with the Ministry of Health and Long Term Care, the AGCO continues to proactively work with multiple government, industry and public interest partners to enhance its contribution in this important area. There is broad concurrence and alignment amongst the AGCO and OLG along with other key stakeholders (e.g. responsible gambling groups) that the AGCO will play an important role in this emerging field. The provincial government has also signaled that it would like Ontario to assume a lead position as a best practice jurisdiction, with a "gold standard" for responsible gambling in Ontario.

Moving forward, responsible gambling standards and requirements will be developed across all industry segments, calibrated to reflect operational differences across business lines as and where appropriate (e.g. risks presented by iGaming versus bingo halls). As in other areas, standards will be based on a formal risk assessment methodology which draws input from the industry as well as independent experts in the area of social responsibility.

GOVERNMENT ACCOUNTABILITY MEASURES

The AGCO's overall strategic direction continues to adapt to coordinate with the government's public policy priorities and fiscal objectives. The AGCO reviews its priorities each year for consistency with government direction and resource availability to provide cost-effective services that are relevant to, and in keeping with, the evolving environment.

From an operational perspective, a renewed focus by government to strengthen accountability and cost efficiencies in the agency sector has continued to impact how the AGCO manages its day-to-day activities. Over 2011/12, we continued to improve our corporate accountability and transparency so that moving forward the AGCO can better and more meaningfully demonstrate our effectiveness to government, stakeholders and to the public at large, based on factual evidence and metrics, such as performance measures and benchmarks. For example, the collective agreement between the AGCO and Local 565 of the Ontario Public Service Employees' Union (OPSEU) effective January 1, 2011 to December 31, 2014 established a zero-zero increase on salary wage rates over the first two years of the agreement, in keeping with the government's direction in this regard. The new organizational structure put into place in July 2011 also meets

another key government target: to reduce the size of executive offices of agencies by 10% (see *Functional Integration of Business Delivery* on page 20).

Government Oversight and Agency Accountability

Accountability and transparency in the agency sector has been a key government priority over the last several years, with the government taking steps to strengthen its oversight of arm's-length agencies. New and improved accountability mechanisms continue to be implemented, including the requirements regarding the disclosure of expenses incurred by agency Board members and senior executives as well as a new procurement directive to improve transparency and accountability.

Changes to the Agency Establishment and Accountability Directive as well as to the provincial government's business planning requirements were introduced in 2011 to require agencies to employ a more risk-based approach in managing their operations. This has been a key strategic objective for the AGCO for the past several years, and efforts are well underway to continue to build on recent initiatives and programs such as the introduction of risk-based enforcement and risk-based licensing in the alcohol sector and risk-based registration in the gaming sector. In particular, gaming modernization and the introduction of regulatory amendments under the GCA will be a crucial addition and support to the AGCO's ongoing transition, allowing the AGCO to implement risk-based standards across all gaming sectors.

As with other agencies, the AGCO is subject to review and audit by government to ensure funds are being spent wisely and taxpayers are receiving value for money. The AGCO has undergone several such audits and reviews over the past several years, including an activity based costing review in 2010/11 and value for money audit by the Auditor General on casino gaming regulation (see *Auditor General's Report on Casino Regulation* on page 48).

PERFORMANCE MEASURES

AGCO | Alcohol and Gaming Commission of Ontario

The 2011/12 year-end results for performance measures established for the AGCO were effectively on target.

SATISFIED CUSTOMERS

GOAL:
To provide appropriate, fair and courteous customer service to all licensees, registrants and the general public

OUTPUT MEASURES: Implementation of newly developed feedback/complaints process.	**OUTCOME MEASURES:** Increase in the number of channels and/or ease which licensees, registrants and the public can provide feedback/ complaints.
TARGETS FOR 2011/12: **Target:** 100% of complaints investigated and resolved/closed.	**Target largely met:** Channels now include phone, walk-in (head office and regional offices), email, letter and fax. Of the 960 complaints received through AGCO customer service, 95% were dealt with in accordance with AGCO's customer service standards.
Target: 100% of feedback used to improve customer services and training initiatives.	**Target met.** 100% of feedback forms were reviewed and improvements implemented where appropriate.

EFFECTIVE & EFFICIENT RESOURCE MANAGEMENT

GOAL:
To ensure business processes are operating as efficiently and effectively as possible

OUTPUT MEASURES: Improved turnaround time for issuance of low risk applications.	**OUTCOME MEASURES:** Greater resource focus placed on assessing impact of high risk applications on public safety and public interest.
Increase use of compliance tools recently enacted to achieve licensee/registrant compliance.	Reallocation of AGCO enforcement resources to more serious public safety and integrity issues.
TARGETS FOR 2011/12: **Target:** Consistent application of meaningful criteria based on assessed risk level, used to promote licensee compliance.	**Target met.** Criteria are being consistently applied.
Target: Continued increase in resolving compliance matters through the use of new compliance tools (i.e. monetary penalties, risk based licensing, etc.).	**Target met.** With the continued improvements to the risk based licensing (RBL) model for liquor applications, we have improved turnaround times to an average of 31 days (from 42 days in 2010/11).

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INTERNAL: STAFF DEVELOPMENT & SATISFACTION

GOALS:

To provide an environment that promotes open and free communication for staff

To provide an environment that promotes key learning and development opportunities for staff

OUTPUT MEASURES: Complete and analyze the output information garnered through staff engagement survey.	**OUTCOME MEASURES:** Implement the significant recommendations resulting from the 2010 staff engagement survey.
A strong commitment to focused learning and development opportunities.	Implementation of development plan to increase middle management teams' strategic leadership capacity and capability.
TARGETS FOR 2011/12: **Target:** Outreach and focus meetings held to gain understanding of staff needs. Action plan implemented to address applicable recommendations.	**Target met.** Learning and development plan for 2012/13 being implemented taking into account feedback from 15 internal focus groups.
Target: An increase in new management development opportunities for middle management staff.	**Target met.** Management training sessions (half day every two months) implemented which focus on management foundations. Leadership competencies developed for Executives and Managers. Assessments conducted for Executives and in progress for other levels of management. Developmental opportunities provided to staff remain at high level with 9.5% of staff in promotions or other developmental opportunities.

BUSINESS/ OPERATIONAL EXCELLENCE

GOALS:

Risk Management strategies employed across the AGCO

Internal Control strategies employed across the organization

OUTPUT MEASURES: Implementation of Enterprise Risk Management Strategy (corporate, branch and initiative specific strategies).	**OUTCOME MEASURES:** Risk strategies are employed by all areas to reduce organizational exposures and improve decision making (consistency/process.
Development of Internal Controls strategies.	Internal Controls activities and strategies are employed across the organization to increase corporate accountability.
TARGETS FOR 2011/12: **Target:** All significant findings are remediated and process improvements implemented where applicable.	**Target met.** Foundational elements of the Enterprise Risk Management Strategy were implemented. Key risk exposures and strategies were identified and assessed.
Target: Recommendations from Internal Controls Audit implemented.	**Target met.** Audit planning and performance benchmarking conducted/developed for all new initiatives (e.g. risk-based registration).

INTERNAL OPERATIONS & FISCAL ENVIRONMENT

OVERVIEW

Over the past several years, the AGCO has been implementing an ambitious strategic plan to transform the agency's operating framework to one that is more risk-based and compliance and customer focused. This strategic realignment has taken place during a period of expanded responsibilities in both the liquor and gaming sectors.

On the gaming side, developments within the sector (e.g. marketplace growth and evolution) as well as government initiatives and legal and regulatory reforms (e.g. gaming modernization) have continued to expand the AGCO's regulatory mandate. In 2008, the AGCO became responsible for the regulation of lottery products managed by OLG, adding over 12,000 new registrants to the AGCO's client base, and the AGCO's mandate has again expanded to include regulation of internet gaming. Other emerging areas and major initiatives are potentially on the horizon, and include the introduction of single event sports betting.

This regulatory expansion and related pressures have been cumulative and have been absorbed by the AGCO. To help manage costs, the AGCO has been proactively implementing changes to improve efficiencies in its operations. Initiatives undertaken over recent years include an enterprise wide risk assessment, over a dozen program audits and the implementation of a long term IT strategy which includes plans to gravitate towards an electronic service delivery model. On July 1, 2011, the AGCO's adjudicative function was transferred to LAT, allowing the AGCO Board to concentrate its time and resources on internal corporate governance and policy oversight.

The AGCO has also embarked on an agency transformation initiative to further support the cultural changes that have been implemented over the last six or seven years of moving the agency towards a more compliance-focused regulatory approach. This transformation agenda includes an internal realignment of responsibilities to increase efficiencies, reducing executive office costs and ensuring that our internal structure and processes are organized in a way that provides the most flexibility to manage any future change and growth in the liquor and gaming sectors. This restructuring will be an ongoing process over the coming years and coincide with, leverage and support other modernization initiatives currently underway, such as our transition to a standards based model of regulation.

OPERATING BUDGET – 2011/12 FISCAL YEAR REVENUE AND EXPENDITURES

The AGCO is currently funded from a combination of allocations through the Results Based Planning process and recoveries, primarily from the Consolidated Revenue Fund (CRF) and OLG. The AGCO also collects fee revenue from a variety of licensing and registration activities which is remitted to the CRF and helps to offset the allocation given to the agency. The AGCO operates within a separate budget allocation contained in the government's printed estimates.

Table 7 – 2011/12 Fiscal Year Revenue and Expenditures

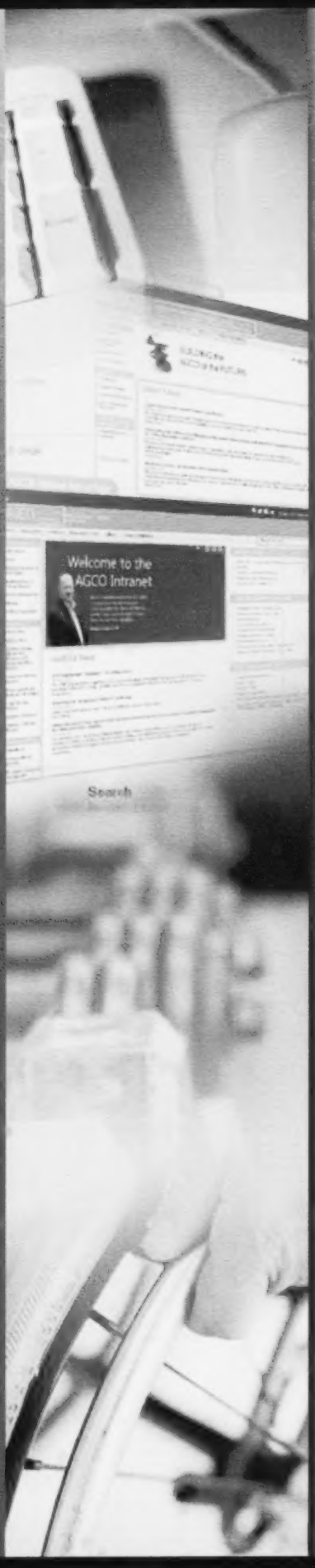
For Fiscal Years	2011/12	2010/11
Revenues		
Fees and Levies[6]	$29,508,781	$202,641,113
Total	**$29,508,781**	**$202,641,113**
Expenditures		
Salaries and Benefits	$51,470,017	$49,819,941
Other Direct Operating Expenses	$13,676,257	$12,236,213
Less Recoveries[7]	($30,733,987)	($24,089,113)
Total	**$34,412,287**	**$37,967,041**

[6] The *Beer and Wine Tax Act, 2009* transferred the responsibility for the collection of beer and wine taxes to the Ministry of Revenue effective July 1, 2010.

[7] Recoveries for 2011/12 include monies received from liquor licence application advertisements, eligibility review investigations (applicants billed directly for costs) and for the registration and regulation of OLG lotteries (paid for by OLG).

In 2010, an activity-based costing review was conducted to provide an analysis of the AGCO's operations, cost drivers and key issues. The review concluded that there are a number of challenges under the AGCO's current funding model, including the level of base funding received and the different areas that fund the AGCO's operations. Although the AGCO has proactively and vigorously identified and taken advantage of opportunities for modernization and cost-saving activities, the report concluded that present funding was inadequate to meet its regulatory mandate.

In October 2010, Treasury Board approved an expenditure increase to the AGCO's budget in 2010/11 and 2011/12 to address AGCO's critical funding needs as identified by the activity based costing report. As part of the approval for the expenditure increase, the Ministry of the Attorney General was directed to report back through the 2012/13 Results Based Planning process on several areas, including opportunities for full cost recovery and fee structure review options. Ultimately, the goal is to secure a sustainable budget that allows the agency to carry on its day-to-day operations and uphold the high standards of regulation that is expected by both the government and the people of Ontario, as well as to adequately implement its important modernization initiatives in both liquor and gaming.



AGCO CORPORATE ACTIVITIES & PROGRAMS 2011/12

ACCESSIBILITY FOR ONTARIANS WITH DISABILITIES ACT, 2005

The *Accessibility for Ontarians with Disabilities Act, 2005* (AODA) was created with the goal of developing standards that would improve accessibility for people with disabilities across the province. To date, accessibility standards have been developed in the areas of customer service, employment, information and communications and transportation, with a standard for the built environment (i.e. public spaces and buildings) currently in the works. The customer service standard came into effect January 1, 2008 and all public bodies, including the AGCO, were required to be in compliance by January 1, 2010.

The Integrated Accessibility Regulation is the second regulation to be made under the AODA. This regulation came into effect on July 1, 2011 and sets out the requirements for three new accessibility standards: transportation, employment, and information and communications. All public bodies, including the AGCO, were required to be in compliance with certain provisions by January 1, 2012. Additional requirements will be phased in gradually between 2012 and 2021.

The AGCO continues to meet all compliance deadlines with regards to the implementation of AODA provisions.

INFORMATION TECHNOLOGY PLAN

The AGCO's overall strategic direction of enhancing customer service, strengthening business processes and improving information technology capabilities is supported by a Strategic Information Technology (IT) plan. This plan was implemented following an Information Architecture Review to assess the current infrastructure and determine the approach to IT planning and investments that will enable AGCO to support its overall program objective. The goal of the Strategic IT Plan is to provide an integrated enterprise information system that will provide better customer service, improve the flow of information, automate manual processes and provide increased availability of information throughout the organization and to external clients and stakeholders.

Significant IT projects completed in 2011/12 include:

- Break Open Ticket (BOT) system modernization;
- Public Expense Disclosure on the AGCO website;
- Prototype for a Document Management system;
- Prototype for electronic forms-on-demand to support future electronic service delivery capabilities; and
- A new Intranet site.

HUMAN RESOURCES PLAN

To support the AGCO's goal of maximizing employee potential, the Human Resources Plan provides a path for creating a workplace that values employees and supports both corporate and individual staff development needs. Some key accomplishments in 2011/12 include:

- **Learning and Development Focus Groups:** A series of eleven focus group sessions were held across the province throughout the months of August and September 2011 to gather feedback about employee experiences and opinions with regards to past training seminars, and assess employee training needs. The outcome of these sessions provided an opportunity to develop future programming employing a more strategic approach by addressing the needs of the employees, managers and corporate goals.
- **All-Staff Training:** Over 2011/12, the AGCO increased its training opportunities for staff, with some 1,007 individuals trained over 712.75 training days. A wide range of subjects were offered, from Retirement Planning to Writing Effective Briefing Materials. A course in Defensive Driving was also offered to AGCO Inspectors.
- **Manager Training:** The AGCO implemented regular meeting forums for managers to discuss management issues and general questions, as well as to provide training on timely management-related topics. The first of these meetings was held in January 2012, with subsequent meetings every two to three months.
- **Wellness activities:** The AGCO launched several Wellness programs designed to improve the work/life balance and assist employees to maximize their personal potential. These programs included three Employee Assistance Program Wellness Seminars; the 1st Annual AGCO Wellness Fair held on October 27, 2011 in conjunction with Healthy Workplace Month; a monthly WellNews newsletter to all AGCO staff featuring articles and information on a range of wellness topics; and a corporate partnership with GoodLife Fitness that allows AGCO employees and their dependents a discounted membership rate and monthly dues that can be paid through payroll deduction.
- **An online training program** to recognize and deal with Workplace Violence.

INTERNAL AND EXTERNAL COMMUNICATIONS

Communications Plan

In 2011/12, the AGCO completed its comprehensive three-year plan to implement the recommendations from the communications review conducted in 2008 by Hill & Knowlton. The plan was developed to achieve the results noted in the review and support the improvement of internal and external communications for customers, stakeholders, the public and AGCO staff. The key components of this plan were:

- Redesign of the AGCO's internet and intranet sites with a view to supporting Electronic Service Delivery;

- Public affairs and education programs to support the AGCO's compliance strategy;
- Renewed focus on staff training, development and information sessions;
- Improved customer service for stakeholders; and
- Improved internal staff communications.

A focus of the past year was on improvements to internal communications. With almost half of AGCO staff based outside of Head Office and the Toronto area, and with organizational and operational changes taking place in regards to the shift to risk-based and standards-based regulation, enabling effective two-way communications between and amongst staff and senior management is key. Achievements in 2011/12 included:

- Launch in January 2012 of a new, more interactive and modern intranet site with several new features including:

The CEO's blog

Staff Suggestion Box

Enhanced Employee Matters section

Building the AGCO of the Future – a special section on the AGCO transformation initiative.

- Introduction of NewsFlash, an internal newsletter to highlight and explain changes related to the AGCO's transformation process.

AGCO Website

The AGCO is committed to providing its clients with accurate and timely information through a number of different communications channels, including the internet.

In July 2010, we launched a completely redesigned website (www.agco.on.ca), which included improved and more intuitive navigation and several new features. The website is one of the foundational pieces for the AGCO's broader IT Strategy, which will eventually offer Electronic Service Delivery for our stakeholders. The upgraded website has resulted in significantly fewer "clicks per visit" since it was introduced, indicating that visitors are more easily able to find the information they need.

Overall, the AGCO's website provides customers and the general public with timely and easily accessible information about liquor and gaming policies administered by the AGCO. Users of the site have access to all of the registration and licensing application forms, instruction guides and all publications, annual reports and newsletters made available by the AGCO. In 2011/12, there were 295,378 visits to the AGCO website.

Media Relations

The AGCO has a media strategy in place that helps to inform and educate the public, licensees and registrants about the AGCO's responsibilities and activities for the licensing and enforcement of the province's liquor and gaming industries in a timely fashion. The AGCO conducts media interviews relating to licensing and registration, changes to liquor and gaming legislation, policies, and hearings decisions rendered by the Board. In 2011/12, the AGCO responded to 196 requests for information by various media outlets.

Customer Service Improvements

As part of its service delivery program, the AGCO provides customers with a personal "one stop shopping" service through its Customer Service Department. During 2011/12, the department responded to 115,434 customer contacts providing assistance regarding licensing and registration issues including inquiries and complaints for all AGCO business areas. This is in addition to responding to 13,832 walk-in customers at the AGCO's head office Customer Service Desk, and 30,258 customers who were able to gather information themselves through the AGCO's integrated voice messaging system. The Customer Service department also responded to 5,767 email inquiries. In total, more than 165,000 contacts were managed.

In 2011/12, the following customer service improvements were made:

- Customer service standards were launched in Summer 2011 which complement the complaints process and the standards currently in place to meet the requirements of the *Accessibility for Ontarians With Disabilities Act, 2005*. The establishment of customer service standards is in step with a broader government commitment to move towards a standards-based approach to resolving complaints and providing services to our customers and clients.

- The AGCO's call centre capacity was enhanced, especially in the area of voice scripts for our self-service channel where additional streams were incorporated to inform and educate our stakeholders and customers on regulatory changes and how they may impact their businesses.

Greening the AGCO – Eco Initiatives

The AGCO's Eco Committee was established in 2009 with a mandate to create a more environmentally-friendly workplace, reduce costs, and contribute to the well-being of the environment at large. The Eco Committee is staff-driven and comprises representatives from across the agency. Its mandate is to develop and implement initiatives and programs that encourage employees to reuse, reduce and recycle.

A number of initiatives continued this fiscal year, including the electronic dissemination of a regular internal enviro-newsletter, participating in OPS Green Office programs and conferences, supporting OLG's Bet On Green program for AGCO employees working at OLG facilities, Lunch and Learn opportunities for staff and participation in Toronto's "20 Minute Cleanup".

In addition, the AGCO has continued to streamline its operational processes with a view to reducing paper usage without compromising the integrity of the services we provide. This includes double sided printing for documents, reducing distribution lists for hard copies, scanning and emailing documents rather than copying them, reducing hard copy fax approvals and replacing them with email approvals, creating electronic manuals rather than paper ones, etc. It is estimated that these efforts have saved in excess of 100,000 sheets of paper per year since these changes were implemented.

Operational Highlights

LIQUOR REGULATION

Licences and Permits Issued Under The *Liquor Licence Act*

In 2011/12, the number of liquor-related licences and permits issued by the AGCO remained relatively constant from that of the previous year.

Table 8 – Liquor Licences and Permits Issued

For Fiscal Years	2011/12	2010/11
Liquor Sales Licensed Establishments	16,828	16,644
Ferment-on-Premise Facilities	584	597
Liquor Delivery Services	296	306
Manufacturers	281	265
Manufacturers' Representatives	810	775
Total	**18,799**	**18,587**

MEETING GOVERNMENT PRIORITIES

Liquor Licence Act Reform

The government continues to support reform of the LLA and its regulations and a shift towards a more risk-based approach to regulation, as well as changes which strengthen public safety, enhance service delivery and enhance consumer choice. Key programs such as risk-based licensing, risk-based enforcement and monetary penalties were introduced over the last several years as part of a comprehensive re-tooling and modernization of Ontario's liquor laws in support of the government's Open for Business initiative.

In 2011/12, the AGCO implemented changes to Regulation 719 (Licences to Sell Liquor) and Regulation 389/91 (Special Occasion Permits) under the LLA. These changes were made following extensive consultation with a wide range of liquor industry stakeholders, law enforcement agencies, public health organizations and other interested parties and were intended to:

- Remove barriers and restrictions for liquor sales licensees, special events and festivals;
- Provide flexibility to businesses;
- Improve tourism and local economies;
- Strengthen Ontario's economy and create new opportunities for jobs; and
- Expand enforcement options against licensees who violate Ontario's liquor laws.

These changes were complemented by compliance provisions that ensure that alcohol continues to be sold and served responsibly and that expand upon enforcement options against licensees who violate Ontario's liquor laws. For example, further changes to the SOP program are being contemplated for Summer 2012 which would give the Registrar the ability to add conditions to an SOP to mitigate public safety risks and to assess monetary penalties against SOP holders,

similar to the authority the Registrar has with regard to liquor sales licensees.

Changes to Regulation 719 (Licences to Sell Liquor)

Effective June 1, 2011, changes included:

- **Complimentary drinks/minimum pricing –** Licensees may now offer complimentary drinks to their customers under certain limited circumstances.

- **Outdoor SOP Holders may now enter into an agreement with Liquor Sales Licensees –** If a Special Occasion Permit has been issued for an outdoor event that has both licensed areas (bars, restaurants, etc.) and areas to which the SOP applies (i.e. the street on which the event is taking place), patrons can move freely between these areas with a single serving of alcohol, under certain conditions and where permission has been granted by the Registrar.

- **Patios –** Staff are now permitted to carry drinks from one licensed area to another licensed area across an area that is not under the exclusive control of the licensee, such as a public sidewalk. Separate service bars are no longer required.

- **Additional forms of prescribed identification –** There are now three additional types of government-issued identification that have been added to the prescribed list and that the licensee may rely on to reasonably establish a patron's age: Secure Indian Status card (Canadian); Permanent Resident card (Canadian), and any photo card issued under the *Photo Card Act, 2008*.

- **All-inclusive travel packages –** Any licensee may now offer vacation and travel packages that include the cost of a trip, accommodation, food, or other services and liquor for one price.

Effective August 2, 2011, changes included:

- **Primary use –** The primary business of a premises no longer has to be the sale and service of liquor and food in order to be eligible for a liquor sales licence.

- **Stadium endorsement/tiered seating –** The category of "stadium endorsement" no longer exists. Licensees are now permitted to sell and serve liquor in areas that contain tiered seating without obtaining a stadium endorsement (e.g. fixed tiered seating), including the use of temporary tiered seating (e.g. bleachers).

Changes to Regulation 389/91 (Special Occasion Permits)

In 2011/12, the AGCO implemented changes to the Special Occasion Permit (SOP) program in two phases (June 1 and August 2, 2011) which allows individuals or organizations to serve alcohol at special events. Moving forward with this reform agenda, the Ministry of the Attorney General, in collaboration with the AGCO, conducted stakeholder consultations during 2010/11 to gather feedback on proposed changes to the SOP program. Stakeholders were supportive of the proposed changes which simplify the current licensing and regulatory regime.

These changes were complemented by compliance provisions that ensure that alcohol continues to be sold and served responsibly at these events. These include the ability of the Registrar to add conditions to an SOP to mitigate identified risks to public safety, and to issue Orders of Monetary Penalty to SOP holders.

Effective June 1, 2011, changes to Regulation 389/91 included:

- **"Public Event" Special Occasion Permit** – A new type of special occasion—"Public Event"—replaced three types of special occasions (Fundraisers, Significant Events and Community Events) for which an SOP may be issued. A Public Event is one which is conducted by a registered charity or not for profit entity or which is an event of municipal, provincial, national or international significance. In order to be eligible for an SOP, Public Events which are not conducted by a registered charity or not for profit entity must be designated as an event of municipal significance by the municipality in which the event is to take place.

- **Notification to municipalities for outdoor events** – For outdoor events, the applicant must provide written notice at least 30 days before the event to the clerk, police, fire and health departments of the municipality in which the event is to take place. The previous notification period was 21 days before the event.

- **Tiered seating** – Applicants can now apply for an SOP for a premises with fixed tiered seating or temporary tiered seating (i.e. bleachers).

- **Primary use** – To qualify for an SOP, the primary business of a premises no longer has to be the sale and service of liquor and food. However, an adequate supply of food must be available for those attending the event.

- **Hours of Sales and Service –** Except for New Year's Eve (December 31), the hours for the sale and service of liquor under an SOP may be between 11 a.m. to 2 a.m. the following day. On New Year's Eve (December 31), the hours for the sale and service of liquor under an SOP are 11 a.m. to 3 a.m. on the next day (January 1).

- **Outdoor SOP holders may now enter into agreement with liquor sales licensees –** If an SOP has been issued for an outdoor event that has both licensed areas (bars, restaurants, etc.) and areas to which the SOP applies (i.e. the street on which the event is taking place), patrons can move freely between these areas with a single serving of alcohol, under certain conditions and where permission has been granted by the Registrar.

Effective August 2, 2011, changes to Regulation 389/91 included:

- **Notification to municipalities for outdoor events –** An applicant for a Public Event SOP must provide 30 days notice to the AGCO and local municipality (including clerk, police, fire and health departments) for events where fewer than 5,000 people are expected to attend, and 60 days notice to the AGCO and local municipality (including clerk, police, fire and health departments) for events where 5,000 or more people are expected to attend.

Further changes to the SOP program are expected to be introduced in Summer 2012.

COMPLIANCE-FOCUSED APPROACH TO LIQUOR REGULATION – OVERALL RESULTS

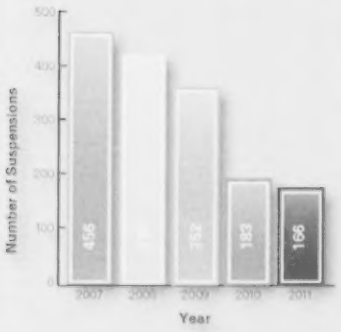
Further progress was made in shifting our overall approach to liquor regulation to be more compliance-focused. AGCO staff continued to work on refining the strategy and in some cases expanding the programs to achieve a greater rate of compliance. The following programs form a multi-pronged approach to support this strategy:

- **Risk-Based Enforcement**
- **Risk-Based Licensing**
- **Monetary Penalties**
- **Public Affairs and Education**

The AGCO's new and multifaceted regulatory approach is showing positive results. In all regions of Ontario, the introduction of risk-based, compliance-focused programs are helping liquor sales licensees

achieve greater compliance with the laws governing the sale and service of alcohol.

Figure 3: Liquor Sales Licence Suspensions in Ontario



LLA infractions have decreased sharply as licensees become more educated, AGCO resources are being used more effectively, and risks to public safety are being reduced. For example, in 2008/09 there were 13,046 infractions noted across the province. For 2010/11, that number had dropped to 8,549 — or a decrease of 34% — even though the number of inspections and AGCO Inspectors remained largely the same.

As infractions have declined, and with the introduction of monetary penalties as an alternative to suspensions for less serious offences, there has also been a substantive decrease in the number of liquor sales licence suspensions served in Ontario (see *Figure 3 – Liquor Sales Licence Suspensions in Ontraio*).

The AGCO continues to refine its risk-based programs to further improve compliance rates and thereby enhance public safety.

Table 9 – Notices of Proposal Issued

For Fiscal Years	2011/12	2010/11
Notices of Proposal • Re: applications (new, change, transfer) • Re: disciplinary (suspend and/or add conditions, revoke) • Premises closed (revoke licence) • Other	542	642
Alcohol Advertisement Complaints Reviewed	4	19
Special Occasion Permits Issued	59,628	62,221

INVESTIGATION, ENFORCEMENT AND COMPLIANCE

The AGCO's Inspection and Investigation Branch, which is overseen by the OPP Investigation and Enforcement Bureau assigned to the AGCO, continues to implement a risk-based approach to conducting LLA inspections at licensed premises, monitoring liquor licensed premises for compliance with the LLA and investigating complaints and/or breaches of the LLA, often in partnership with local police services.

During 2011/12, the Inspection and Investigation Branch carried out 23,604 inspections of liquor sales licensed establishments, together with 2,838 joint forces projects, for a total of 26,442 liquor-related inspections.

Enhancing Compliance – Partnerships With Municipalities and Law Enforcement Agencies

The AGCO continued to foster better coordination and relations with other provincial and local agencies with respect to liquor enforcement

by providing assistance and advice to our partners in an effort to increase compliance rates and enhance LLA enforcement activities.

In many municipalities, the AGCO is part of a formal Integrated Municipal Enforcement Team involving local police, fire, health, by-law and licensing authorities; in other municipalities, the AGCO carries out joint forces operations with local authorities as requested. This approach has been most formalized with regards to liquor enforcement in Toronto's Entertainment District, where a committee comprising representatives of the AGCO, the City of Toronto and law enforcement agencies continues to meet to share information and review issues.

This cooperative approach extends across the province, and has proved beneficial to communities overall. For example, in November 2011, Crime Prevention Ottawa named the ByWard Market Safety and Security Committee, of which the AGCO's Ottawa Regional Office is a prominent member, as a Business Community Safety Award winner for demonstrating outstanding leadership in the area of promoting and implementing crime prevention and community safety strategies. In addition to the AGCO, the Committee includes police, city and social agencies, residents and business owners.

The AGCO's partnerships extend outside of Ontario, as well. Our recent partnership with Britain's "Best Bar None" program to initiate a similar accreditation and awards program promoting responsible management of liquor licensed establishments in Ontario is a good example of the AGCO's proactive approach in this respect. A pilot program was developed by the AGCO in collaboration with stakeholders and local business development associations, with a launch in Toronto's Entertainment District anticipated in 2012/13.

Last Drink Program

The AGCO is committed to enhancing its already strong partnerships with local police services across the province, and to providing regulatory oversight that is collaborative in nature and serves the public interest. To that end, the AGCO implemented a six month pilot program entitled "Last Drink" which was designed to improve public safety and help to reduce impaired driving on Ontario roadways.

Under the pilot, four Ontario police services (Sudbury, Durham, London and Ottawa) informed the AGCO about incidents involving an alcohol-related driving offence where the drivers named a liquor licensed establishment as the last place where they consumed alcohol. This information allowed the AGCO to identify educational opportunities to work with licensees on better meeting their various legal and regulatory obligations moving forward. In some limited

cases, the AGCO focused additional regulatory attention on those establishments that continually run into issues.

The "Last Drink" pilot project ran from July 1, 2011 to January 1, 2012, and the results were encouraging on multiple fronts. Overall, licensees expressed appreciation over having been made aware of the additional information brought to their attention by the program, while the participating police services also saw "Last Drink" as a good complement to other programs which target impaired driving. The AGCO will therefore be expanding the program in Fall 2012 to include ten participating police services. The goal is to ultimately extend the "Last Drink" program to all police services across Ontario.

Award for Outstanding Liquor Enforcement

The AGCO, working with the Ontario Association of Chiefs of Police (OACP), sponsors an annual award to recognize police agencies that have increased their efforts with regards to enforcement of the LLA. Two Awards for Outstanding Liquor Enforcement can be presented annually, one to an agency with more than 500 officers, and one to an agency with fewer than 500 officers. In June 2011, the Toronto Police Service received the 2011 Outstanding Liquor Enforcement Award for its Last Drink Initiative.

Left to right: 2010/11 OACP President, Chief Robert Herman; TPS Supt. Hugh Ferguson; TPS Const. Crichton Buchanan; OPP Supt. Bill Price (AGCO); and OPP Chief Supt. Fred Bertucca (AGCO).

Educating Front Line Police Officers on Liquor Enforcement

In 2011/12, the AGCO continued to distribute a pocket-sized brochure to front-line police officers entitled "Liquor Enforcement in Ontario: A Guide for Police Officers" to assist them in their duties (see image on the right). The brochure provides details on the laws governing the responsible sale and service of alcohol for liquor sales licensees and special occasion permits, as well as their powers as a police officer with regards to those laws. It also explains how they can work with the AGCO to reduce harm to the community from local establishments that violate Ontario's liquor laws.

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Public Affairs and Educational Activities

This fiscal year, the AGCO continued its public affairs program with the distribution of information to licensees and free educational seminars across the province on core elements of the laws applying to liquor sales licensees. The seminars also included specific information regarding the recent changes to the regulations under the LLA and provided those in attendance with the opportunity to ask questions and seek clarification. In order to make the seminars as accessible as possible to a broad cross section of licensees, a number of smaller communities were chosen as locations for seminars this year.

Results of the 2011/12 seminars are as follows:

49 seminars hosted

34 communities visited

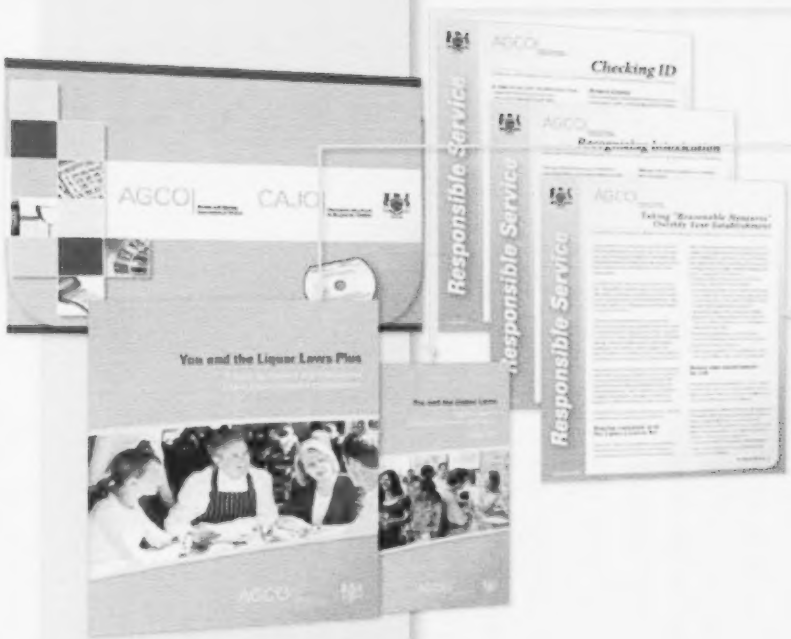
2,314 people attended —
73% owners and managers,
71% with more than 5 years in the industry

1,068 establishments represented

Positive feedback from those attending —
91% found it useful, 88% learned something, 83% would recommend the seminar

19,061 pieces of educational material were distributed at the seminars

Again in 2011/12, the AGCO hosted an information booth at the Canadian Restaurant and Foodservices Association Trade Show. AGCO representatives with extensive knowledge were on hand to answer questions and information materials were made available. Many licensees and their staff took advantage of stopping by the booth in order to get both general and specific questions answered. Licensees and their staff are provided access to a number of materials such as:



- **You and the Liquor Laws** – A Guide for Staff of Liquor Sales Licensed Establishments
- **You and the Liquor Laws Plus** – A Guide for Owners and Managers of Liquor Sales Licensed Establishments
- **Responsible Service Tip Sheets** covering a variety of topics

All AGCO educational materials can be obtained through the AGCO website, at tradeshows and seminars, directly from AGCO Inspectors and upon request through the Customer Service Department.

Operational Highlights

GAMING ACTIVITIES OPERATED BY OLG

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OVERVIEW

The AGCO currently regulates the following gaming activities conducted and managed by OLG:

- Commercial gaming, comprising 10 casinos and 17 slot machine facilities.
- Provincial lotteries, which include such products as scratch tickets, and games where customers play numbers and their tickets are individually dispensed through a terminal (Lotto 6/49, Lotto Max, Pro Line, etc.).
- Internet gaming.

The AGCO's multifaceted approach to regulation, which includes registration of industry participants, compliance and inspection activities, equipment testing (i.e. slot machines), audit and investigations is a collaborative, partnership approach working with key stakeholders to ensure that gaming activities operated by OLG (both gaming facilities and lotteries) are conducted in the public interest in accordance with the principles of honesty, integrity and social responsibility.

REGULATION OF CASINOS AND SLOT MACHINE FACILITIES

Casino gaming is an industry that has generated significant revenues for the province and provides thousands of direct and indirect jobs to the provincial economy. Casinos are traditionally a successful tool for promoting the tourism and hospitality sectors and serve as a catalyst for local and regional economic development.

The AGCO registers employees, approves electronic gaming equipment and rules of play, conducts compliance inspections, launches investigations and undertakes audits, both scheduled and ad hoc, at Ontario's 27 commercial gaming facilities to help ensure regulatory compliance and to maintain strong public confidence in casino gaming in Ontario.

Auditor General's Report on Casino Gaming Regulation

In 2010/11, the Auditor General conducted a Value for Money Audit on Casino Gaming Regulation to assess the efficiency and effectiveness of the AGCO's regulatory activities in this area.

In his report, the Auditor General recognized that the AGCO has put into place a regulatory framework that is comprehensive and that its regulatory oversight of the casino gaming industry is one of the strongest and most effective regimes in North America.

The audit assessed whether the AGCO had adequate policies, procedures and systems in place to ensure that gaming at facilities is conducted in accordance with established policies and legislation. The audit also examined the AGCO's organizational capacity to measure and report on the effectiveness of all regulatory activities established to meet the principles of honesty, integrity and operation in the public interest. The audit concluded that the AGCO has adequate systems, policies and procedures in place to ensure that

casinos and slot machine facilities are run fairly and honestly, that casino employees are honest and effectively overseen, and that the games are run fairly. A copy of the full audit report is available at www.auditor.on.ca.

Five recommendations were made by the Auditor General relating directly to the regulation of casino gaming. These recommendations touched on areas where the AGCO is already taking a proactive approach through our risk-based registration and enforcement initiatives, which the report notes the Auditor General supports. In 2011/12, the AGCO reviewed its operations with a view to appropriately addressing the recommendations in the report and implementing the recommendations.

Standards-Based Regulation of Commercial Gaming

As the gaming marketplace continues to change and consumer demands evolve, it is also important for the AGCO to adopt an approach to regulation which facilitates a competitive environment for Ontario's gaming facilities while not reducing standards of operations or eliminating consumer protections. The AGCO has actively undertaken an approach to modernizing its regulatory approach to better balance present-day risks and provide more flexibility for operators. One of the foundational pieces of this modernization effort is the implementation of a standards-based approach to gaming regulation. This approach affords gaming operators a greater degree of flexibility in operating their businesses, thereby allowing them to be more competitive and adaptable to changing market conditions. At the same time, it allows the AGCO to more effectively target its resources to areas identified as being higher risk. Work on refining standards-based regulation will continue in 2012/13.

In 2011/12, the AGCO introduced pilot programs to "test" standards-based regulation in the areas of marketing / advertising and security / surveillance and these will continue to be monitored and refined over the course of fiscal year 2012/13 and onwards.

Initial feedback from the marketing and advertising pilot, which was launched in February 2011, has confirmed that gaming operators have a greater degree of flexibility in managing their markets while ensuring that risks identified by the regulator are being mitigated appropriately. This has led to increased opportunities for operators on the marketing and advertising front as well as administrative cost savings for the operator. AGCO has also benefited from an operational perspective, allowing resources on the compliance front to be targeted in higher risk areas.

The pilots are also helping to inform the development process and content of the overall gaming industry standards and requirements.

OLG's Modernization of Commercial Gaming

The AGCO has been working with OLG, and will continue to do so, as OLG moves forward in its efforts to modernize and transform lottery and gaming in Ontario, per its March 12, 2012 proposal to the Minister of Finance entitled "Modernizing Lottery and Gaming in Ontario". The first phase of this plan was announced on March 14, 2012 and involved the permanent closure of OLG Slots at Windsor Raceway, Fort Erie Racetrack and Hiawatha Raceway in Sarnia effective April 30, 2012. AGCO Compliance and Electronic Gaming staff will ensure that the closure of these facilities is carried out in full compliance with the directives developed for the cessation of operations of OLG gaming sites. The activities undertaken by the AGCO in regards to closing a slot machine facility include:

- Reviewing and approving detailed orderly site closure plans for all departments to ensure their appropriateness from three aspects: maintaining gaming integrity, safeguarding assets and ensuring the safety of all parties involved before and after the site closure.
- Developing a comprehensive assurance program to facilitate and uphold the aforementioned objectives from a regulatory perspective, which encompasses three phases: before, during and after the closure.
- Continuing to protect OLG assets through risk-based spot inspections and multiple Inspectors presence at each gaming site.
- Ensuring implementation of outstanding ticket redemption plans for patrons after closing.
- Financial reconciliation of all progressive games and inspection of games at the receiving locations ensuring the correct transfer of progressive funds.
- Financial audit of all games to ensure they have met the Ontario minimum payback requirement prior to closing.

Gaming Registrations – Commercial Gaming Facilities

Any person or business wishing to provide goods or services to, or work for a casino or slot machine facility must be registered under the GCA (unless exempt). In this regard, an investigation is carried out by the Registrar concerning the character, integrity and financial responsibility and competence of those persons or businesses and their suitability for registration.

Table 10 – Number of Gaming Registrations at Casinos and Slot Machine Facilities

For Fiscal Years	2011/12	2010/11
Gaming Suppliers	2,373	2,377
Gaming Employees	15,009	15,233
Total	**17,382**	**17,610**
Orders of Monetary Penalty	0	0
Notices of Proposed Order	8	13

Table 11 – Number of Slot Machines and Table Games at Ontario's Commercial Gaming Facilities

	# of Slot Machines	# of Table Games	Location	Open to Public
Casinos				
OLG Casino Brantford	541	55	Brantford	November 19/99
Great Blue Heron Charity Casino	528	60	Port Perry	May 5/00
OLG Casino Point Edward	456	27	Point Edward	April 20/00
OLG Casino Sault Ste. Marie	432	13	Sault Ste. Marie	May 23/99
OLG Casino Thousand Island	495	22	Gananoque	June 22/02
OLG Casino Thunder Bay	432	12	Thunder Bay	August 30/00
Casino Niagara	1583	40	Niagara Falls	December 9/96
Niagara Fallsview Casino Resort	3123	133	Niagara Falls	June 8/04
Casino Rama	2553	121	Orillia	July 31/96
Caesars Windsor	2325	83	Windsor	Interim: May 94 Permanent: July 29/98
Slot Machine Facilities				
Ajax Downs	800	–	Ajax	March 2/06
OLG Slots at Clinton Raceway	123	–	Clinton	August 26/00
OLG Slots at Dresden Raceway	116	–	Dresden	April 20/01
Flamboro Downs	795	–	Dundas	October 13/00
Fort Erie Racetrack	407	–	Fort Erie	September 11/99
Georgian Downs	1,003	–	Barrie	November 29/01
Grand River Raceway	238	–	Elora	December 6/03
OLG Slots at Hanover Raceway	131	–	Hanover	February 21/01
OLG Slots at Hiawatha Raceway	448	–	Sarnia	May 10/99
Kawartha Downs Raceway	450	–	Peterborough	November 24/99
Mohawk Raceway	865	–	Milton	August 12/99
Rideau Carleton Raceway	1,250	–	Ottawa	February 18/00
Sudbury Downs Raceway	390	–	Sudbury	November 28/99
OLG Slots at Western Fair	741	–	London	September 30/99
OLG Slots at Windsor Raceway	750	–	Windsor	December 18/98
Woodbine Raceway	2,487	–	Toronto	March 29/00
Woodstock Raceway	185	–	Woodstock	June 22/01

Compliance Inspections

The AGCO's Audit and Gaming Compliance Branch conducts compliance inspections and audits at casinos and slot machine facilities, both scheduled and ad hoc, to ensure compliance with the GCA, LLA, Rules of Play, approved policies, terms and conditions of registrations, and anti-money laundering and terrorist financing measures. The Branch also approves and monitors applicable internal control measures, and surveillance and security policies and procedures, to help protect honesty, integrity and the public confidence in casino operations in Ontario. The AGCO also investigates and responds to complaints that pertain to regulatory issues at individual gaming sites.

The AGCO has adopted and implemented a risk-based audit approach that will continue to enhance the effectiveness of audit engagement by allowing gaming facilities to be assessed individually for risk. A multi-phase, industry-wide risk assessment was undertaken and completed in order to identify the necessary risk indicators that have informed the individual site-specific risk profiles.

In 2011/12, the Audit and Gaming Compliance Branch carried out 2,990 gaming-related inspections and 49 liquor inspections. Any findings noted during gaming and liquor related inspections (including non-compliance issues that are either self-reported or discovered by AGCO Compliance Inspectors) are indicated on a Corrective Action Report (CAR). A number of CARs relate to internal control procedural errors and are resolved at the time of the incident. When areas of non-compliance are identified, the department works proactively with gaming sites to address the concerns. Occasionally, for very serious breaches, administrative action is pursued. In 2011/12, 619 gaming related CARS and 27 liquor-related CARS were created.

Audit and Memorandum of Understanding (MOU) with FINTRAC

As part of the AGCO's overall approach to working collaboratively with other government agencies, the AGCO worked closely with the Financial Transaction and Reports Analysis Centre of Canada (FINTRAC) to help combat money laundering and terrorist financing at gaming facilities. An MOU was signed between both parties in 2004. The collaboration between the organizations continues to be refined and enhanced in an effort to develop stronger communication channels, sharing of information in appropriate circumstances and to assist both the AGCO and FINTRAC in meeting their regulatory mandates.

In carrying out an audit at a commercial gaming facility, the AGCO auditor focuses on the site's compliance with its Internal Control Manual (ICM) to ensure that it fulfills the requirements under the GCA, the Proceeds of Crime (Money Laundering) and *Terrorist Financing*

Act, 2001, and all of the related regulations. In 2011/12, the Branch conducted 15 audits at Ontario's gaming facilities. The AGCO works with the gaming facilities on developing plans to address any issues raised through the audit process. Follow up audits are conducted to ensure plans are implemented and are effective.

ELECTRONIC GAMING EQUIPMENT AND SYSTEM APPROVALS

Testing of Electronic Gaming Equipment and Systems

The AGCO ensures that all electronic gaming equipment in the province meets rigorous standards aimed at ensuring its technical integrity. In that regard, all electronic equipment (slot machines, electronic table games, card shufflers, etc.) and gaming management systems (slot machine monitoring, cashless ticketing, progressives, etc.) are tested for technical integrity, security and audit capacity according to the Ontario Minimum Technical Standards established by the Registrar. This testing is carried out at the AGCO's in-house Electronic Gaming Lab equipped with the exact equipment and systems that are currently used or are intended to be used at gaming facilities. Tests carried out by the lab include:

- Mathematical simulation and verification of game payback and award odds;
- Random Number Generator testing to ensure random game outcomes;
- Computer emulation of gaming equipment to ensure prize payouts; and
- System interoperability between ticketing, slot machine monitoring and progressive systems and the gaming equipment.

Based on the results of the testing, the Registrar determines if the equipment and/or systems are to be approved for installation in Ontario gaming facilities. Only equipment and systems approved by the Registrar can be installed and used at the gaming sites. The AGCO continues to achieve an average 30 day turn-around time for approval of gaming equipment/systems.

The AGCO has Electronic Gaming Officers on-site at casinos and slot machine facilities who are responsible for inspecting new electronic gaming equipment, conducting random checks on approved electronic gaming equipment, and performing inspections on new installations and changes to slot machines.

In 2011/12, staff of the AGCO's Electronic Gaming Branch inspected 53,516 electronic gaming devices, including slot machines, with minimum disruption to patron play. Of these inspections, 3,387 deficiencies were found as follows:

- 1,844 critical deficiencies were found in games which were being inspected prior to approving their availability for patron play (i.e. incorrect software installed, unapproved paytables enabled, etc.).

These games were not allowed for play until corrective action was taken by the site and the games passed inspection.
- 1,543 other non-compliance deficiencies were discovered during inspections of devices that were quickly remedied by the site (i.e. button panel not working, loose locks, etc.) so that the game could be made available for patron play once the deficiency was corrected.

Quality Assurance Program for Electronic Gaming Lab

A key AGCO initiative and Electronic Gaming Branch strategy was the development of a formal Quality Assurance program for the Electronic Gaming Laboratory and ISO accreditation, which was attained in August 2011. This achievement sets the AGCO apart as the only known gaming regulator with an in-house accredited gaming lab.

The Quality Assurance program developed a formal quality system that will help to continually improve the quality of test results and the efficiency and effectiveness of the AGCO's Electronic Gaming Laboratory. Accreditation against an international standard provides a third party demonstration that the lab has the necessary capabilities to carry out the specific tests necessary to ensure gaming equipment and gaming management systems satisfy the requirements to operate in Ontario.

The recognized international accreditation standard for quality assurance of testing laboratories is ISO/IEC 17025:2005, which addresses quality management topics such as: the management system, document control, service delivery, control of non-conforming testing including preventative and corrective actions, control of records, internal audits and management reviews. It also addresses technical requirement topics such as: the technical competence of personnel, testing equipment and lab environment, test procedures and procedure validation, participation in proficiency testing with other laboratories, and guidance on the contents of generated test reports.

Accreditation to ISO/IEC 17025:2005 required an accreditation audit performed by an external assessor with technical expertise in the testing procedures and equipment that is being inspected. This audit, also performed biennially after accreditation is granted, ensures that conformance to the standard is being maintained. In addition to the biennial audit by an external auditor appointed by the Registrar of the Accreditation Lab, a formal internal audit of the lab's quality system will also be conducted on an annual basis to verify operations comply with the requirements of this standard.

INVESTIGATION, ENFORCEMENT AND COMPLIANCE

Casino Enforcement Unit

The AGCO's Casino Enforcement Unit (CEU) comprises members of the OPP assigned to provide 24/7 police presence at all casinos and also to police slot machine facilities.

The CEU has a mandate to protect Crown assets and investigate Cheat at Play offences, ensuring that the honesty and integrity of the games is maintained and that public safety at facilities is maintained. CEU officers are also responsible for conducting regulatory investigations for the Registrar. These involve investigations of casino employees that are required to be registered under the GCA based on the job function they perform.

Officers assigned to the CEU are the first responders to any incidents that occur at a casino or slot machine facility. For those occurrences that are not gaming-related, the CEU then works with the respective police services of jurisdiction.

Occurrences at Casinos and Slot Machine Facilities

During 2011/12, there were approximately 5,422 total occurrences at casinos and slot machine facilities which were responded to by the CEU. Of these, 1,426 were Criminal Code offences, including 162 alleged incidents of Cheat At Play (29 Cheat At Play charges laid). Other Criminal Code occurrences include Fraud, Theft and Assault investigations.

There were an additional 3,996 non-Criminal Code related occurrences. These occurrence types could involve any Provincial statute investigation or violation, including the LLA, *Trespass To Property Act*, and *Mental Health Act*. Other examples could include a suspicious person investigation that may not necessarily fall into any specific offence category, missing persons investigations, as well as assistance to other police agencies. This could include assistance with intelligence gathering, or general inquiries/assistance for an outside investigation.

The 5,422 occurrences noted previously are in addition to assisting local police with non-gaming related investigations. Only those events that result in a report being filed are considered by the AGCO's Investigation and Enforcement Bureau to be reportable occurrences. The number of occurrences has decreased slightly from approximately 5,551 occurrences in 2010/11.

REGULATION OF LOTTERIES CONDUCTED BY OLG

In January 1, 2008, the AGCO began regulating the sale of lottery tickets managed and conducted by OLG on behalf of the government of Ontario through the registration of lottery retailers, lottery retailer managers and lottery equipment suppliers that supply gaming services to OLG with respect to the sale of lottery tickets. The AGCO also carries out lottery audits covering all major processes of OLG.

OLG Lottery Registrations

Any person or business, including all lottery retailers, lottery retailer managers and lottery equipment suppliers to OLG, must obtain registration from the AGCO and follow specific terms in order to sell lottery products in Ontario. There is no fee for registration.

Table 12 – Lottery Retailer and Lottery Retailer Manager Registrations Issued

For Fiscal Years	2011/12	2010/11
Lottery Retailers	9,939	10,085
Lottery Retailer Managers	2,171	1,999
Lottery Suppliers	34	26
Total	**12,144**	**12,110**
Orders of Monetary Penalty	1	2
Notices of Proposed Order	20	25

The AGCO communicates with OLG on a daily basis regarding any changes in the registration status of contracted lottery retailers or lottery retailer managers. This process ensures that where a suspension or revocation of a registration has been ordered by the Registrar, OLG can take appropriate action so that the particular registrant is unable to sell or redeem lottery tickets (disabling the lottery terminal, collecting scratch tickets, etc.).

Investigation, Enforcement and Compliance

During 2011/12, 12,599 Lottery Compliance Inspections were conducted at registered lottery retailer locations by AGCO Inspectors.

As of January 1, 2008, the OPP Investigation and Enforcement Bureau assigned to the AGCO began investigating lottery insider wins (retailers or related persons) and suspicious wins. OLG screens all prize claims above $10,000 and forwards insider claims to either the OPP or the third party investigation firm for investigation. Within the category of "related parties" (or "insiders") the OPP investigates wins by: (1) registrants (retailers, manufacturers, etc.), (2) key OLG personnel with significant decision-making authority, and (3) retailers' employees involved in the sale and redemption of tickets. The remaining persons defined as "insiders" (e.g., remaining OLG

employees) are investigated by a third party investigation firm as per procedures approved by the AGCO.

During 2011/12, the OPP carried out a total of 262 lottery-related investigations, comprising 32 insider wins over $10,000, 46 suspicious wins, and 184 various complaints about possible thefts, frauds, etc.

Public Affairs and Education

As part of the AGCO's goal to be a more compliance-focused regulator, we have increased our efforts in providing relevant information to lottery retailers and lottery retailer managers on their regulatory requirements and how to keep their AGCO registrations in good standing.

In addition to AGCO Inspectors providing one-on-one education to some 12,000 lottery retailers and lottery retailer managers during the inspection process, the AGCO continues to publish Lottery Line, a newsletter published in English, French and Korean that provides information on a range of subjects to assist those involved with the sale of OLG lottery products to remain compliant with the law.

The AGCO also hosted booths at the Convenience U / CARWACS tradeshow and the Ontario Korean Businessmen's Association tradeshow. These two shows provided lottery retailers and break open ticket sellers with an opportunity to access relevant information and ask questions related to their regulatory obligations.

REGULATION OF INTERNET GAMING CONDUCTED AND MANAGED BY OLG

The Ontario Government announced its intention to launch internet gaming (iGaming) in Ontario in 2012, adding another line of business for the AGCO to regulate.

Regulatory Framework

A significant amount of work has been completed to adapt and modernize the regulatory framework under the GCA appropriate to this new gaming activity. Among other things, new processes, policies and a regulatory assurance structure are in the process of being developed to ensure that iGaming is conducted in a manner that is socially and financially responsible and provides protection for consumers. The new regulatory structure will incorporate the various regulatory improvements and elements that are being implemented elsewhere across the agency, including applying a risk-based approach to the registration process and employing a standards-based approach to the regulatory framework.

Among the work carried out in 2011/12 was the following:

- The Registrar's Standards for iGaming were in development.
- An approach toward regulatory assurance was in development.
- The AGCO Electronic Gaming Laboratory continued work on a strategy for hardware/software testing.
- An overall implementation plan for the new regulatory structure was completed.
- The registration/investigation process for corporate respondents to OLG's iGaming Request for Proposals (RFP) was initiated (see below).

Registration and Investigation

Any vendor wishing to sign a contract with OLG in regards to providing goods or services for its gaming activities—including iGaming—must be registered by the AGCO. Companies who responded to OLG's iGaming Request for Proposals were required to complete applications for registration in the event they were named the successful respondents. AGCO staff commenced the review of these applications to determine if they could be eligible for registration.

A team of assigned investigators from the Investigation and Enforcement Bureau also commenced extensive regulatory assurance background investigations into these corporate applicants. Comprehensive background investigations include due diligence reviews of key personnel and assessments of each applicant's corporate competence, technical operations, fiscal responsibility and regulatory history. In total, 228 Corporate OLG Investigations were initiated.

Operational Highlights

CHARITABLE GAMING REGULATION

OVERVIEW

Charitable gaming revenues are an essential source of funding for a large number of worthy organizations. As the regulator of charitable gaming in Ontario, the AGCO continues to support the charitable gaming industry through modernization initiatives designed to provide opportunities for the industry to grow its business. The agency worked closely with the Charitable Gaming Strategic Working Group to develop strategies that will allow the sector to remain viable in a competitive environment.

The AGCO oversees the licensing of lottery events, including bingo, raffles and the sale of break open tickets, issues licences and registrations to individuals or businesses that wish to provide goods or services to the charitable gaming sector, and carries out inspection and enforcement activities to ensure that charitable gaming licensees and registrants are operating in accordance with the law and in the public interest.

CHARITABLE LOTTERY LICENCES

The issuance of charitable lottery licences continues to be a two-tiered approach, with the AGCO and local municipalities both having a role in this program.

The AGCO is the licensing authority for:

- Charitable gaming events in pooling bingo halls;
- Bingo events (i.e., Special Bingo, Monster Bingo) with prize boards over $5,500;
- Super jackpot bingo events;
- Progressive bingo game events and loonie progressive games;
- Social gaming events (i.e., table game event held in conjunction with a social event);
- Raffle lotteries for total prizes over $50,000;
- Break open tickets sold by organizations with a provincial mandate;
- Lotteries held in conjunction with another gaming event, including break open tickets at bingo events;
- All lottery schemes conducted in unorganized territories; and
- Lottery schemes at designated fairs or exhibitions.

Municipalities issue lottery licences for the following:

- Bingo events with prize boards of up to $5,500;
- Media bingo events with prizes up to $5,500;
- Break open tickets for local organizations;
- Raffle lotteries for total prizes of $50,000 and under; and
- Bazaar lotteries which include: wheels of fortune with a maximum bet of $2.00, raffles not exceeding $500, and bingo events up to $500.

A municipality may attach terms and conditions to a licence, in addition to those established by the province, provided that they do not conflict with provincial terms and conditions or policies.

Overall, the charitable gaming industry has remained stable in 2011/12 over 2010/11. The variance in figures indicated in the table below reflects a shift in charitable gaming initiatives and administrative relief measures put in place to streamline processes, create efficiencies and provide better customer service for licensees.

Table 13 – Lottery Licences Issued

For Fiscal Years	2011/12	2010/11
Bingo	165	148
Charitable Gaming (Bingo Hall)[8]	7,871	6,961
Break Open Ticket (BOT)	233	103
Raffle	201	179
Social Gaming Events	36	26
Other	6	4
Total	**8,512**	**7,421**

[8] Three bingo hall closures took place in 2011, resulting in fewer charitable gaming licences issued.

High Value Raffles ("Mega Raffles")

High value raffles are lotteries conducted by charities where the total value of the prizes are one million dollars ($1,000,000) or more. The AGCO continues to work with the stakeholders in this segment of the industry in order to identify opportunities to further enhance charitable fundraising opportunities.

In 2009/10, a pilot project was put into place to allow licensees more options to communicate the details of the operation of their raffle, including allowing the use of internet technology to promote tickets sales, solicit ticket orders, and accept ticket order information. For example, online ordering is permitted, however this must be just one of a variety of channels to take orders, and online submission of payment information is permitted however payment fulfillment of ticket orders is not permitted and licensees must process payment in the same manner for existing sales channels (batch orders processed every 24-48 hours). After reviewing the initial efforts of the industry in taking advantage of this pilot opportunity, the AGCO determined that it would be beneficial to extend the pilot through 2012/13 to further assess the benefits and potential for compliance measures.

OLG CHARITABLE GAMING PRODUCTS AND PARTNERSHIP

Given that opportunities for expansion within the current regulatory framework (i.e. Criminal Code) are presently limited, the industry continues to focus efforts on enhancing its partnerships with OLG. In 2005, the Ontario government approved the launch of a pilot project to test the introduction of electronic versions of existing paper bingo and bingo-themed games at the charitable bingo centres in Sudbury, Barrie, Kingston, Peterborough and Windsor. With the successful results of the pilot project, the Ontario government directed OLG to launch a province-wide program, known as the Charitable Bingo and Gaming Revitalization Initiative, to modernize the industry.

During 2011/12, OLG, in collaboration with the Ontario Charitable Gaming Association and the Commercial Gaming Association Ontario, embarked on a multi-year initiative to revitalize bingo in the province. The goal is to expand electronic products into existing and future facilities, and to sustain and grow the charitable gaming industry. New gaming products such as break open ticket dispensers, e-shutterboard and rapid draw bingo are being developed by the charitable industry in collaboration with OLG. OLG will continue to offer paper-based bingo for traditional players and will offer those same paper-based games on touch screens to appeal to lapsed and new players.

Under this model, OLG will be conducting and managing the games and charities will receive a portion of the proceeds. This will benefit charities as they no longer have direct responsibility and liability for cash handling during games and will have reduced administrative costs and tasks. The charities continue to play an important role in promoting their good causes while volunteering their time to fundraise at their respective charitable bingo centres.

As the regulator of charitable gaming, the AGCO has a key role to play in this revitalization effort and is working along with the industry and OLG to develop a multi-faceted, integrated regulatory framework to regulate these new electronic products. Among the activities undertaken in 2011/12 by the AGCO in support of this program are:

- Commencing the registration process for OLG vendors;
- Equipment testing by the Electronic Gaming Laboratory for the Paper Sales and Inventory Management System (PSIMS) and Break Open Ticket Dispensers;
- Integration and coordination of Regulatory Assurance program.

Table 14 – 2011/12 Estimates of Province-Wide Charitable Gaming Revenues

	Gross Wager	Net Revenues	Charity Profit
Registered bingo halls operating under the Bingo Revenue Model (61 halls)	$507,191,581	$111,581,270	$36,162,404
Electronic bingo halls operated by OLG (6 halls)	$90,304,215	$18,581,144	$6,045,462
Break open tickets	$294,448,790	$98,715,193	$37,735,869
Raffles (AGCO licensed)	$225,351,925	$145,335,285	$70,076,430
Raffles (municipally licensed)	$38,152,081	$22,692,858	$17,740,717
Total	**$1,155,448,592**	**$369,905,750**	**$167,760,882**

Charitable Gaming Registration

Any person or business wishing to provide goods or services to charitable or religious organizations to assist with the conduct and management of their licensed lottery event, or any business that manufactures bingo paper or break open tickets, must be registered under the GCA.

Table 15 – Charitable Gaming Registrations Issued

For Fiscal Years	2011/12	2010/11
Bingo Hall Operators	71	74
Gaming Services/Equipment Suppliers & Manufacturers	90	93
Break Open Ticket Sellers[9]	395	409
Gaming Assistants	2,867	2,895
Total	**3,423**	**3,471**
Orders of Monetary Penalty	0	1
Notices of Proposed Order	7	13

[9] This figure represents the number of sites that only sell break open tickets (no OLG lottery products). It does not denote the total number of sites that currently sell break open tickets. All lottery retailer registrants may sell break open tickets in addition to OLG lottery products.

Investigation, Enforcement and Compliance

AGCO Inspectors are trained to conduct inspections at Break Open Ticket seller locations across Ontario, and have also been cross-trained to inspect bingo facilities to ensure compliance with the GCA. In 2011/12, 2,487 Charitable Gaming inspections were conducted by AGCO Inspectors.

APPENDIX I: LEGAL FRAMEWORK – ALCOHOL

Liquor Licence Act

The *Liquor Licence Act* (LLA) establishes the licensing and regulatory regime for the sale and service of beverage alcohol in Ontario, except for retail sale to the public by the Liquor Control Board of Ontario (LCBO).

Various classes of licences and permits are established including:

- Licence to sell beverage alcohol;
- Licence for ferment-on-premise facilities;
- Licence for liquor delivery service;
- Manufacturer's licence;
- Licence to represent a manufacturer of beverage alcohol; and
- Special occasion permits for the sale and service of beverage alcohol on special occasions (for example, cash bars at fundraising events, weddings and receptions).

The LLA also establishes the rules for sale and service of beverage alcohol, including:

- No sale or service to persons under the age of 19;
- No sale or service to persons who appear to be intoxicated;
- No sale of beverage alcohol before 11:00 a.m. or after 2:00 a.m. (unless otherwise stipulated);
- No sale of illegal beverage alcohol; and
- Where beverage alcohol may be consumed (residence, licensed premises, private place).

The LLA and regulations provide for an inspection and enforcement regime to ensure that licensees and permit holders are in compliance with the law and regulations relating to the sale and service of beverage alcohol.

Liquor Control Act
[Section 3(1)b, e, f, g and 3(2)a]

Effective July 3, 2001, the AGCO assumed responsibility from the LCBO for the following:

- To control the delivery of liquor to the public;
- To authorize manufacturers of beer and spirits and wineries that manufacture Ontario wine to sell their spirits, beer or Ontario wine in stores owned and operated by the manufacturer or winery and to authorize The Beer Store to operate stores for the sale of beer to the public;
- To control and supervise the marketing methods and procedures in stores owned and operated by manufacturers and wineries;
- To determine, subject to the LLA, the municipalities within which stores owned and operated by manufacturers and wineries referred

to in bullet 2 shall be established or authorized and the location of such stores in municipalities;
- To establish conditions, subject to any regulation, with respect to authorizations for stores owned and operated by manufacturers and wineries referred to in bullet 2; and
- To establish conditions, subject to any regulations, with respect to authorizations granted with respect to the delivery of liquor to the public.

Wine Content and Labelling Act, 2000

The *Wine Content and Labelling Act, 2000* specifies that an Ontario winery may manufacture and sell wine in the province using imported grape or grape products. If an Ontario winery uses imported grapes or grape products in manufacturing its wine, the content of each bottle of wine manufactured by the winery must be no less than 30% Ontario grapes or grape product. Changes to the regulation filed in November 2009 and effective September 1, 2010, require that the content of each bottle of wine manufactured by the winery must be no less than 25% per bottle with an average of 40% domestic content in blended wines.

APPENDIX II: LEGAL FRAMEWORK – GAMING

Criminal Code of Canada

The Criminal Code (Canada) (the Code) establishes what types of gaming activities are legal, and the provinces are assigned responsibility for operating, licensing and regulating legal forms of gaming.

Part VII of the Code prohibits gaming in general, while Section 207(1) allows for a number of exceptions to the general prohibition. Specifically, it permits "lottery schemes" provided that they are:

- "Conducted and managed" by the province in accordance with any law enacted by that province;
- "Conducted and managed" by a licensed charitable or religious organization provided that the proceeds of the lottery scheme are used for a charitable or religious purpose; and
- "Conducted and managed" by a licensed board of a fair or exhibition or by an operator of a concession leased by that board.

"Lottery schemes" are defined under the Code but do not include: three-card monte, punch board or coin table; book-making, pool selling or the making or recording of bets; and games operated through a computer, video device or slot machine, unless the lottery scheme is managed and conducted by the province (Sec. 207(4)).

Only the government of a province can conduct and manage a lottery scheme involving dice, slot machines or other computer devices.

Gaming Control Act, 1992

The *Gaming Control Act, 1992* provides for the regulation of gaming operations, suppliers and gaming assistants/employees of casinos, charity casinos, slot machine facilities, charitable gaming events, and registration of OLG lottery retailers, lottery retailer managers, and lottery suppliers.

Order-in-Council 1413/08

Order-in-Council 1413/08 clarifies the rules and responsibilities of the AGCO and municipalities in lottery licensing. Additional changes were made to take into account the new bingo revenue model. The OIC provides that charitable organizations may be licensed to conduct and manage lottery events by either the Registrar appointed under the *Gaming Control Act, 1992* (the Registrar) or, depending on the type of charitable gaming event and the value of prizes to be awarded, by a municipal council. The OIC outlines terms and conditions that apply to lottery licences. The OIC also provides that the Registrar may attach additional terms and conditions to any licences he or she issues, and that municipal councils may attach terms and conditions to licences they issue provided they do not conflict with those of the Registrar.

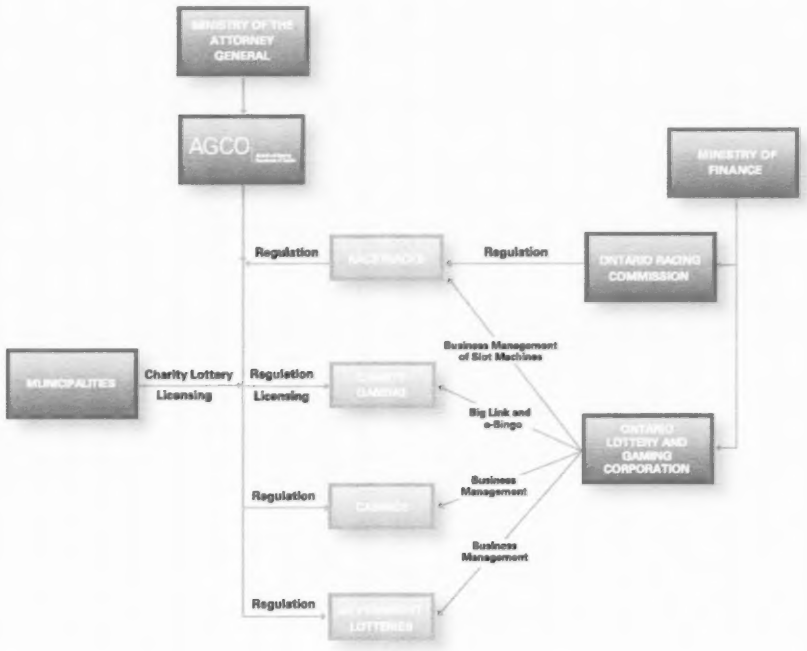
A number of First Nations have been designated by the OIC to issue lottery licences for charitable organizations.

In order to qualify for a lottery licence, an organization must have a "charitable object or purpose". Charitable object or purpose is defined at common law and under the OIC as any object or purpose relating to:

- The relief of poverty;
- The advancement of education;
- The advancement of religion; or
- Any other purpose beneficial to the community.

ONTARIO GAMING RELATIONSHIPS

Figure 4 – Ontario Gaming Relationships



The AGCO is responsible for the regulation of casinos, slot machine facilities and lotteries conducted by OLG.

In accordance with the Code and the *Ontario Lottery and Gaming Corporation Act, 1999*, OLG is responsible for the "management and conduct" of the gaming operations at casinos, slot machine facilities, the linked "Big Link Bingo" game played at charity bingo halls and e-bingo pilots. OLG is also responsible for the business management of all traditional lottery games such as "Lotto Max", "Lotto 6/49" and scratch-and-win type tickets.

Municipalities and the AGCO have responsibility for issuing lottery licences, primarily to religious and charitable organizations for bingo and break open ticket licences. The majority of lottery licences are issued by municipalities in the province.

First Nations Lottery Licensing

In 1998, the government approved a First Nations lottery licensing framework, which delegates authority comparable to that of municipalities to individual First Nations. An Order-in-Council (OIC) is issued to each participating First Nation. The OIC provides First Nations with authority to issue licences to religious and charitable organizations to conduct lottery schemes.

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APPENDIX III: AMENDMENTS TO REGULATORY FRAMEWORK 2011/12

MODERNIZATION OF LEGISLATIVE AND REGULATORY FRAMEWORK – UPDATES

In 2011/12, the following legislative and regulatory changes related to the legislation administered by the AGCO were approved by government:

Open for Business Act, 2010 – An Act to promote Ontario as Open for Business by Amending or Repealing Certain Acts

- Changes to various sections of the *Liquor Licence Act* in order to clarify the grounds under which the Registrar will approve the transfers of liquor licences.
- New Section 19.1(1) allowing the Board of the AGCO to establish criteria for the holders of Special Occasion Permits and for premises in respect of which a permit is issued based on factors related to the risk to the public, public safety, the public interest and the risk of non-compliance with the Act and the regulations by the holder of a permit.
- New Section 19.1(2) allowing the Board of the AGCO to specify conditions that may be imposed on a Special Occasion Permit and on the premises in respect of which the permit is issued.
- New Section 19.1(3) allowing the Registrar, based on the Registrar's assessment of risk of a Special Occasion Permit, to impose on the permit one or more conditions from among those specified by the Board.

Good Government Act, 2011

Changes to the following Acts to enable the transfer of the adjudication of alcohol and gaming related matters from the Board of the AGCO to the Licence Appeal Tribunal, and giving the Registrar various powers previously held by the Board:

- *Alcohol and Gaming Regulation and Public Protection Act, 1996* (AGRPPA) [1, 4, 10-12, 14, 14.1(1), 14.1(4)2, 14.1(5)-(7), 15, 17(1)]
- *Licence Appeal Tribunal Act, 1999* [5.1, 6(1)(b), 11, 12(1)]
- *Liquor Licence Act* [1(1), 8(4), 8.1(1), 9(2)-(7), 12(1), 12(2), 12(4), 14(2), 14(3), 15(7)-(10), 17(6), 17(7), 19(6), 19(7), 19(9), 19(10), 20(2), 20(3), 20.1(2), 20.1(3), 21(1), 21(4), 21(5), 23(5), 23(10)-(12), 23, 24, 38(4), 38(6)-(8), 62(1)16, 62.1(3)]
- *Vintners Quality Alliance Act, 1999* [11(1)]
- *Gaming Control Act, 1992* [1(1), 3.6(1)-(3),(5), 7(1), 13(2),(3),(5),(6) (8)-(12), 14(4),(5), 15(c), 17(3),(4), 39(3),(4), 40(3)-(5), 41(4)-(8)]

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